

ONE MEDIA^{IP} Group Plc

ONE MEDIA IP GROUP PLC
ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2020



Pinewood Studios
623 East Props Building
Pinewood Road
Iver Heath
Buckinghamshire SL0 0NH
Company Number: 05799897

ONE MEDIA^{IP} Group Plc

Company Information

Directors

Michael Antony Infante
Alice Dyson
Steven Gunning
Claire Blunt
Brian Berg

Secretary

Steven Gunning

Registered Office

Pinewood Studios
623 East Props Building
Pinewood Road, Iver Heath
Buckinghamshire SL0 0NH

Nomads

Cairn Financial Advisers LLP
61 Cheapside
London EC2V 6AX

Brokers

Cenkos Securities Plc
6 7 8 Tokenhouse Yard
London EC2R 7AS

Solicitors

Orrick, Herrington & Sutcliffe LLP
107 Cheapside
London EC2V 6DN

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Barclays Bank Plc
Level 27, 1 Churchill Place
London E14 5HP

Pinnacle Bank
150 3rd Avenue South, Suite 900
Nashville, TN 37201 USA

Registrars

Share Registrars Ltd
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

Auditors

James Cowper Kreston
Reading Bridge House
George Street
Reading, Berkshire RG1 8LS

ONE MEDIA^{IP} Group Plc

Contents

	Page
Chairman's Statement	1
Chief Executive's Statement	2 - 3
Strategic Report	4 - 7
Report of the Directors	8 - 10
Corporate Governance	11 - 19
Independent Auditors' Report	20 - 24
Consolidated Statement of Comprehensive Income	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Financial Position	27
Company Statement of Financial Position	28
Consolidated and Company Cash Flow Statement	29
Principal Accounting Policies	30 - 40
Notes to the Consolidated Financial Statements	41 - 54

ONE MEDIA^{IP} Group Plc

Chairman's Statement For the year ended 31 October 2020

The Company continues to trade in line with market expectations despite the ongoing macro challenges that businesses are facing and is pleased to report revenues for year of £4,005,385 and EBITDA of £1,485,645, an increase of 14.1% and 38.0% respectively on the prior year.

Following the successful fundraising in August 2020, the Company continues to evaluate acquisition opportunities to be executed, primarily, through its Harmony IP asset release programme, as well as full catalogue acquisitions.

We remain encouraged to observe that the sector continues to attract significant investment from outside of the industry, which we believe will help to build further interest in our business and strategy.

The safety and well-being of our employees remains paramount and we have successfully operated within all government and Public Health England guidance at all times. Our employees work in an agile and flexible way now operating remotely and from our Pinewood offices, and we all look forward to more normalised days ahead.



Claire Blunt
Chairman

ONE MEDIA^{IP} Group Plc

Chief Executive's Statement For the year ended 31 October 2020

The Company reported a milestone fundraising of £6.04m in August 2020 to fund the acquisition of exclusive rights to create and expand the Digital Assets over a portion of copyrights in performance and writers' shares, primarily through the Harmony iP asset release program. It remains paramount to the Board not to rush M&A activities and remain highly selective keeping in mind the best interest of all shareholders.

In November 2020, the Company reported that it had incorporated a new subsidiary, TCAT Limited, and appointed an experienced management team for its Technical Copyright Analysis Tool ("TCAT").

Piracy costs the UK economy £9bn a year, according to a 2019 report by the government's Intellectual Property Office. TCAT is a 'Software as a Service' (SaaS) platform which was developed in-house at One Media to detect copyright infringement within legitimate digital music stores. The creation of the subsidiary is part of TCAT's next phase of development to become a leading anti-piracy service for the music industry.

TCAT currently provides a range of services to two major record labels and the world's largest media distributor on a retained basis, and its services are also used by organisations that represent the interests of the recording industry worldwide. TCAT Limited is based in Belfast, a leading technology hub with a large pool of highly qualified employees. TCAT is eligible for government (financial) support from (the regional development agency) Invest Northern Ireland.

In January 2021, and to much fanfare from the UK media, the Company announced that it had acquired the producer royalties of a selection of tracks by one of the most renowned pop groups in the UK, *Take That*, from Ian Levine, British songwriter, producer and DJ.

Take That has achieved 28 top 40 singles and 17 top 5 singles in the UK Singles Chart since the band's formation in Manchester in 1990, 12 of which have reached number one, including 'Back for Good' and 'Greatest Day'. The Group has also had eight number one albums on the UK Albums Chart. Internationally, Take That has had 56 number one singles and 39 number one albums, and has received eight Brit Awards and an Ivor Novello Award.

As part of the deal, One Media has acquired the producer royalties of great hits 'A Million Love Songs', 'Could It Be Magic' and 'I Found Heaven', all from *Take That's* 1992 debut studio album, *Take That & Party*, which has been certified two-times platinum in the UK. The Company has also acquired the producer royalties of two other recorded *Take That* tracks which have never been released.

Earlier in the calendar year, the Company announced the launch of a new Men & Motors TV channel, hosted by Shane Lynch, best known as a member of *Boyzone*, and Torie Campbell, best known for fronting *One Second in F1 Racing*.

The channel, which will deliver an additional income stream for One Media from advertising revenue (ad-funded) and sponsorship, will air the best shows from its comprehensive archive of 3,400 automotive videos in a new on-demand format to engage the next generation of car enthusiasts. The channel went live on 1 February 2021.

The Company acquired the rights to Men & Motors from Granada Television Productions and ITV Digital Channels in 2012, following fifteen years as one of the UK's most popular and celebrated channels that helped launch the careers of the likes of Richard Hammond and John Inverdale. During 2020, Men and Motors achieved 134 million minutes of viewing on YouTube equating to 2.5 million viewing minutes per week.

Last month saw the acquisition of the licensor's share of the royalties to the 21 Vision catalogue of rights ('the Catalogue'), which contains over 2,000 recordings from some of the all-time music greats from over the last seven decades.

Since 2009, the 21 Vision catalogue has been licensed to One Media on a royalty-sharing basis. As part of the deal, One Media has acquired the licensor's royalty share of the catalogue on an in perpetuity basis, which allows the Company to continue to exploit the catalogue via all of its digital mediums and collect all revenues associated with the licence.

ONE MEDIA^{IP} Group Plc

Chief Executive's Statement For the year ended 31 October 2020 - continued

The Catalogue includes rare music concerts and live recordings performed by over 70 artists who, since the digital era began, have a renewed popularity as they are rediscovered by growing global audiences. Such performers include Glenn Millar, The Andrews Sisters, The Ink Spots, Vera Lynn, Count Basie, Flanagan & Allen and Cole Porter, music reminiscent of the Dads Army generation (over 60+) whose age group now form 29% of digital streaming consumers according to Statista.

Financial Overview

The year under review has seen revenues grow by 14% to £4,005,385 (2019: £3,508,891) and our EBITDA by 38% to £1,485,645 (2019: £1,076,724), driven by increased consumer demand on streaming platforms and other revenue distributions from digital platforms.

Operating profit is also up to £1,018,924, a notable increase over our 2019 figure of £878,914. At the end of the period, our cash balance was £6,766,424 (2019: £860,611). Our Gross margin remains robust at c. 50% and overheads for the year are reported at £979,723 (2019: £1,016,010). The gross profit, excluding amortization, shows strong catalogue performance of £2,459,352 (2019: £2,085,850) an increase of 18%.

A profit after tax attributable to equity shareholders of £630,197 (2019: £458,444) is reported for the financial year, reflecting an increase in revenues and the maintenance of strong margins. This performance enabled the payment of a dividend in the period of £74,582 (2019: £nil). The corporation tax expense of £103,846 in the period (2019: £88,778) includes Research and Development allowances available to the Group.

Development work on TCAT is progressing and has moved to the next phase, including the incorporation of a new subsidiary and the appointment of an experienced management team. At the period end the value invested in TCAT was £1,062,054.

The Board continues to review its dividend policy, especially given the current economic climate, but looks to maintain an equilibrium between retention of profit to finance long-term growth plans whilst rewarding shareholders for their support. This was supported by the payment of a dividend during the year.

Outlook

One Media enters H1 2021 with a strong cash position and continues to capitalise on the evolving music streaming market.

The music market at large has attracted much attention from investment communities globally. We have seen companies successfully investing in music catalogues 'Intellectual Property' (IP) and rapid growth in values of existing recurring monetary income streams, largely attributed to the recognition that music income is now seen as a robust form of investment and return.

In 2020, the industry was yielding \$20.5 billion (IFPI Source) with a forecasted growth to 2030 of circa \$40 billion. Consumers' appetite for streaming, whether advert-funded or subscription, is growing, not just because of the recent pandemic restrictions but because there is now little audience fall off as there was with the old physical formats such as CD or tape. Previously, buying habits were age led with teenagers being the larger consumers and tapering off with age. Now consumers may change their supplier but their content demands are met by most of the major digital stores such as Amazon, Spotify, YouTube and Apple. Each store offers all genres of music with very little differences in the number of tracks available. It is only financial enticements that educe consumers to shop between digital music suppliers – not the content being offered.

We look forward to updating shareholders on progress in due course as we head into another year of global digital growth.



Michael Infante
Chief Executive and Founder

ONE MEDIA^{IP} Group Plc

Strategic Report For the year ended 31 October 2020

Business review and future developments

The results of the Group are shown within the financial statements and a detailed review of the business for the year and future developments is given on pages 1 to 3.

Whilst the Group focus is primarily on the digital market place, traditional routes to market are not being ignored.

The Group has continued to enter into representative deals with independent record labels and content owners to market their rights in the digital arena and to invest in copyrights and intellectual property that are considered to attract a suitable and sustainable rate of return.

A dividend of £74,582 (2019: £nil) was paid in the year.

The key financial and non-financial performance indicators the Directors use to monitor the performance of the Group are as follows:

Financial and non-financial key performance indicators

Cost of catalogue acquisition and number of tracks "ingested"

Management are continually searching to acquire additional music, video, spoken word and digital book catalogues to exploit through the digital medium and other routes to market. The costs of catalogue acquisition "ingestion" are constantly monitored to ensure that a safe and adequate return on investment is made. During the year £506,919 (2019: £5,667,100) was spent on catalogue and intangible asset additions.

Rate of commercialisation of licences and intellectual property

Measured by the growth in value and volume of digital revenues, license deals and sales contracts signed. During the year revenue rose to £4,005,385 (2019: £3,508,891) a 14.1% year on year increase. Progress assessment includes regular updates on key partners, distribution outlets and market segments.

Overhead

Management closely monitors overheads, carefully balancing the need to reward people properly based on both performance and external market factors, and other overhead expenditure. Where a step change in overheads is predicted this must be justified in both financial and strategic terms. During the year overheads decreased to £979,723 (2019: £1,016,010) a 4% decrease.

Share price movements and changes in shareholders are constantly monitored as a major contributor to long term planning

The Board constantly review share price movements both for the impact of Regulated News Service announcements and trading in shares on the AIM Market. Share price as at 31 October 2020 was 5.90p (2019: 4.80p).

Management of capital

The Group's dividend policy is determined by the availability of profit and reserves from which to pay dividends, the Group's policy and cost of acquiring additional music catalogues and the desire to reward shareholders for their investment in the Group.

Financial reporting

Financial reporting is monitored monthly against budgets and forecasts, by both the main Board and the Board of the principal operating subsidiary. Profit and Loss and Cash Flow projections are updated as significant changes to performance and operating conditions occur.

ONE MEDIA^{IP} Group Plc

Strategic Report

For the year ended 31 October 2020 - continued

Business risks

Reliance on key personnel

The Group is dependent on the knowledge, expertise and experience of its key personnel. In total, the Group employs 10 people. In the event that a key member of the team was to leave the employment of the Group this could lead to significant disruption and could have a material impact on the future profitability of the Group.

Reliance on The Orchard – concentration of distribution risk

In the financial year ending 31 October 2020 approximately 62% (2019: 70%) of the Group's turnover was channeled via The Orchard, the distribution aggregator that the Group uses to distribute its content to end-user download and streaming sites such as Apple Music and Spotify. In the event that The Orchard agreement was terminated or that The Orchard ceased to operate, this could have a material impact on the Group's operations and profitability, whilst the Group changed its systems to work either with a new aggregator or trade directly with the end-user distribution sites.

Rights acquired may not be wholly exclusive

The Group has acquired a large number of catalogues of music, video and spoken word since its formation. It is not uncommon for rights attached to such catalogues to have been previously transferred prior to the Group's acquisition of such rights. A risk exists that the title to such rights may be challenged in which event, the Group may have to forego potential revenue and/or incur legal costs whilst securing exclusive title.

Sales of digital content

Digital stores may at their discretion delist or remove tracks, albums or content from their store, without any prior notice to the Group. If this was to occur it could have a detrimental effect on the Group's revenue growth.

Piracy

Piracy or the illegal download of its content from the internet could have a detrimental impact on the Group's growth plans.

Currency – revenues received in US\$

In the financial year to 31 October 2020 approximately 88% (2019: 86%) of the Group's revenue was generated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. The Group is therefore exposed to the US\$/£ exchange rate and so any material adverse movement in this exchange rate can have a material financial impact on the Group.

Market dominance of Big 3

The Group operates in a market dominated by established traditional companies such as Universal, Warner and Sony (the "Big 3"). The Big 3 own or have the rights to a vast amount of content, a large amount of which may be similar to that owned or exploited by the Group. There is a risk that the Big 3 could exploit their recognised brands and use their marketing budgets to compete with the Group's targeted market, the consequence of which could lead to reduced sales and profitability for the Group.

Digital retailers' terms of business

The Group is dependent upon digital retailers such as Apple Music and Spotify in order to sell its products in the digital market place. Changes in their terms of business and type of content they will distribute, as defined in their "style guides", can affect the performance of the Group.

Bad Debts

The traditional risk associated with customer insolvency, and inability or unwillingness to pay debts continues to be a threat which the Group constantly monitors.

Coronavirus (COVID-19)

The ongoing global disruption caused by Covid-19 is continually monitored and the Group is confident that business will continue as normal and that our services will remain uninterrupted. The business has a robust recurring income model that lends itself to remote working, much like its major partners. As a result of a planned disaster recovery process all of the Group's business operations continue as normal.

ONE MEDIA^{IP} Group Plc

Strategic Report For the year ended 31 October 2020 - continued

However, the Group understands that it cannot control the effects on third parties and their business operations. In the event of a material drop in revenue the Group has significant cash reserves that enables it to continue to operate during this period without any adverse impact on the business. The directors have reviewed the Group's assets and believe this current event will not require any impairment, this is based on a review of the performance of the Group's historical catalogue as well as the detailed due diligence on the income profile of recent acquisitions.

Digital route to market

The digital market place has its own challenges with a reliance on consumers becoming internet literate and homes achieving a decent broadband connection. OMIP is a B2B and B2C supplier. We have no digital site of our own but supply over 600 legitimate digital stores worldwide through our key business partner. We are not dependent on any one store's marketing strengths as we supply our content to all.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial instruments such as trade receivables and trade payables, which arise from its operations.

The Group is exposed to a variety of financial risks which result from its operating activities. The Directors are responsible for co-ordinating the Group's risk management and focus on actively securing the Group's short and medium term cash flows. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital business where the revenue is transacted largely in US\$ and the settlement of royalty and other liabilities arising from this revenue is partly denominated in US\$.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other debtors. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of digital income.

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The Directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

Significant shareholding

Apart from the Directors' shareholdings above the Company has been notified that there are four holdings in excess of 3% of the issued share capital of the Company at 29 March 2021. Canaccord Genuity Group Inc is holding 21.40% (47,489,230 ordinary shares of 0.5p each), Amati AIM VCT Plc is holding 7.98% (17,714,000 ordinary shares of 0.5p each), Gresham House Plc 4.65% (10,325,500) ordinary shares of 0.5p each), BGF Investment Management Limited is holding 4.51% (10,000,000 ordinary shares of 0.5p each) and James David Price 3.056% (6,799,153 ordinary shares of 0.5p each).

Employee involvement

The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. This is achieved through regular formal and informal updates and open access between all employees of the Group.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their aptitudes and abilities. In the event of an employee becoming disabled, every effort will be made to retain them in order that their employment within the Group may continue. It is the policy of the Group that training, career development and promotion opportunities are available to all employees.

ONE MEDIA^{IP} Group Plc

Strategic Report

For the year ended 31 October 2020 - continued

Technology

The Group takes a progressive view on the impact of technological developments. Changes to technology and related systems are openly embraced with the aim of giving the Group the most up to date platforms to work on and exploit its assets.

Research and development

The Group, in developing its internal technology based systems, undertakes Research and Development work the outcome of which may be uncertain. Work likely to have an on-going value is capitalised all other costs are expensed to the Profit and Loss account.

Key accounting policies

Principal accounting policies are included on pages 30 to 40, including critical accounting estimates and judgements on pages 34 and 35.

Cash flows

Full details of cash flows generated by the business are disclosed within the Consolidated Cash Flow Statement on page 29. The group generates sufficient cash flows through its ordinary operations, in combination with funds generated by company's listing on AIM, to achieve its objectives set out in the Chairman's Report on page 1.

Gender of Directors and employees

We recruit individuals who have the skills, experience and integrity needed to perform the roles to make One Media iP Group Plc a successful company. We recruit without regard to sex or ethnic origin, appointing and thereafter promoting staff based upon merit. The profile of the Group's employees and directors at 31 October 2020, was as follows:

	Male	Female	Total
Number of persons who were Directors or officers of the Company	3	2	5
Number of persons who were other employees of the Company	2	3	5
Total employees at 31 October 2020	5	5	10

Directors duties in relation to s172 Companies Act 2006

The directors consider, that they have acted in the way they believe, in good faith, to promote the success of the Group for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term,
- the interests of the Group's employees,
- the need to foster the Group's business relationships with suppliers, customers and others,
- the impact of the Group's operations on the community and environment,
- the desirability of the Group maintaining a reputation for high standards of business conduct, and
- the need to act fairly between the shareholders of the Group

On behalf of the Board



Michael Infante
Director
30 March 2021

ONE MEDIA^{IP} Group Plc

Report of the Directors For the year ended 31 October 2020

The Directors present their annual report together with the audited Consolidated financial statements of the Group for the year ended 31 October 2020.

Principal activities

The principal activities of the Group throughout the year were the acquisition and exploitation of mixed media intellectual property rights including music, video, spoken word and digital books for distribution through the digital medium and to a lesser extent through traditional media outlets. The Group also licenses its music content for use in TV and film, advertising, video games and corporate websites. The Group is a B2B and B2C content supplier. The Group continues to believe that the creation of its own dedicated consumer website is not yet of interest as that is the primary activity of its major customers. The Group outsources the supply of its digital content to this market primarily through The Orchard, its distributor for digital music and spoken-word services, and for video product via YouTube and other emerging visual market places.

Directors

The following Directors held office during the year:

Michael Antony Infante
Alice Dyson
Steven Gunning
Claire Blunt (appointed 6 January 2020)
Brian Berg (appointed 6 January 2020)
Ivan Dunleavy (resigned 20 November 2019)
Michal Grade (resigned 20 November 2019)
Philip Miles (resigned 20 November 2019)

Directors and their interests

The Directors' interests (including family interests) in the shares of the Company were as follows:

	Ordinary shares of 0.5p each	
	At 31 October 2020	At 31 October 2019
	Nos	Nos
Michael Antony Infante	25,577,862	25,577,862
Ivan Dunleavy	7,065,000	8,125,000
Lord Michael Grade	-	8,125,000
Philip Miles	438,340	438,340
Alice Dyson	132,023	132,023
Steven Gunning	-	-
Claire Blunt	-	-
Brian Berg	-	-

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2020	At 31 October 2019
	at 2.75p each Nos	at 2.75p each Nos
Michael Antony Infante	500,000	500,000

The options are exercisable at 2.75p per share on or by 6 March 2021.

ONE MEDIA^{IP} Group Plc

Report of the Directors

For the year ended 31 October 2020 – continued

Directors and their interests continued

	Options in Ordinary shares of 0.5p each	
	At 31 October 2020	At 31 October 2019
	at 9p each Nos	at 9p each Nos
Michael Antony Infante	500,000	500,000
Philip Miles	500,000	500,000

The options are exercisable at 9p per share on or by 20 April 2022.

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2020	At 31 October 2019
	at 9p each Nos	at 9p each Nos
Michael Antony Infante	500,000	500,000
Alice Dyson	500,000	500,000
Steven Gunning	500,000	500,000

The options are exercisable at 9p per share on or by 21 December 2022.

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2020	At 31 October 2019
	at 6p each Nos	at 6p each Nos
Michael Antony Infante	1,000,000	-
Alice Dyson	1,000,000	-
Steven Gunning	500,000	-

The options are exercisable at 6p per share on or by 30 October 2026.

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2020	At 31 October 2019
	at 6p each Nos	at 6p each Nos
Claire Blunt	750,000	-
Brian Berg	750,000	-
Steven Gunning	500,000	-

The options are exercisable at 6p per share on or by 30 October 2026.

ONE MEDIA^{IP} Group Plc

Report of the Directors For the year ended 31 October 2020 - continued

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the

Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the Profit or Loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

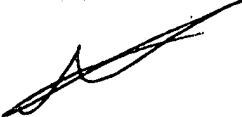
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

So far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Auditors

James Cowper Kreston have expressed their willingness to continue in office. A resolution to re-appoint James Cowper Kreston in accordance with section 489 of the Companies Act 2006 will be proposed at the Annual General Meeting.

On behalf of the Board



Michael Infante
Director

30 March 2021

ONE MEDIA^{IP} Group Plc

Corporate Governance Report For the year ended 31 October 2020

All members of the board believe strongly in the value and importance of good corporate governance and in our accountability to all of OMIP's stakeholders, including shareholders, staff, clients and suppliers. In the statement below, we explain our approach to governance, and how the board and its committees operate.

The corporate governance framework which the group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, we have therefore decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it does not depart from any of the principles of the QCA Code. The information below was last updated on 17 March 2021.

Board composition and compliance

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors. The Board composition continues to be reviewed to ensure compliance.

Board evaluation

For many years we have supported the QCA Code's principle to review regularly the effectiveness of the board's performance as a unit, as well as that of its committees and individual directors. The most recent review was in January 2021.

Shareholder engagement

We have made significant efforts to ensure effective engagement with both institutional and private shareholders. In addition to the usual roadshows following the release of full year and interim results, each of which was expanded to include a greater number of existing and potential new investors, we have actively promoted our AGM as a forum to present to and meet with shareholders.

The board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its audit committee. The directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The following paragraphs set out OMIP's compliance with the ten principles of the QCA Code.

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

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

The Group is a B2B and B2C digital content provider, exploiting intellectual property rights around music and video. The Group specialises in acquiring and repackaging nostalgic music and TV programmes from recordings made over the last 90 years. The Group delivers digital music and video content via aggregators to over 600 online digital stores such as Apple Music, Spotify, Amazon and YouTube. Consumers download or stream the content via PCs, smart phones, internet-enabled radios and music players and Smart TVs. The Group was founded in 2005 by Michael Infante, the Group's Chief Executive Officer, with a strategy to acquire mixed media content and digitise this media to exploit the shift from physical to digital formats.

The Group is listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker OMIP).

The key challenges we face include:

Maintaining consistently high levels of quality – The digital ingestion and exploitation of music and video has evolved over the last 10 years. New standards and objectives are required on a regular basis and our internal team are trained and appraised to meet these exacting standards. Cross checking and regular self-assessment forms a regular part of our systems to ensure that all data is kept in its most precise form for our customers to either ingest into their own system or for audit purposes.

Ensuring security of client assets – All of our (and that of our customers) music and video data and metadata is secured on the safest of cloud based servers with all the latest safeguards that meet our industry's standards. The cloud based systems hosted by Amazon are regularly tested and are of the best available in our opinion for our service and use. Appraisals of their security are undertaken by our technical department in conjunction with our key customers' approval.

Delivering continuous availability – All of the group's data and day to day functionality is backed up across multi-platform, cross territorial servers that allow for catastrophic failures in localized systems. The Group's disaster recovery program is appraised annually together with the Group's insurance policies to ensure continuation of service.

Recruiting and retaining suitable staff – the Group's ability to execute its strategy is dependent on the skills and abilities of its staff. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market. The Group has a small team of professional individuals trained for the Group's requirements in sales, technology and administration. New staff are sought via trusted agencies or are promoted through the ranks. We believe in recognising the skill sets of long term staff and reward via a share option scheme as well as competitive salary rates.

We believe we have the right strategy and service in place to deliver growth in sales over the medium to long term which will enable us to deliver sustainable shareholder value.

Departure and Reason - None

2. Seek to understand and meet shareholder needs and expectations

Responsibility for investor relations rests with the Chair, supported by the CEO.

The Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the annual general meeting (AGM), and we encourage shareholders' participation in face-to-face meetings.

A range of corporate information (including all OMIP announcements) is also available to shareholders, investors and the public on our website.

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

The AGM is the principal forum for dialogue with shareholders, and we encourage all shareholders to attend and participate.

The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the board and all committees, together with all other directors whenever possible, attend the AGM and are available to answer questions raised by shareholders.

Shareholders vote on each resolution, by way of a poll. For each resolution we announce the number of votes received for, against and withheld and subsequently publish them on our website.

The directors actively seek to build a mutual understanding of objectives with institutional shareholders. The Chair and CEO make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. We communicate with institutional investors frequently through a combination of formal meetings, roadshows and briefings with management.

The majority of meetings with shareholders and potential investors are arranged by the Company's broker. Following meetings, the broker provides feedback to the Board from all fund managers met.

In addition, we review analysts' notes to achieve a wider understanding of investors' views.

Departure and Reason – None

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

Staff

Our ability to fulfil client services and develop and enhance our audio and visual content relies on having talented and motivated staff. Good two-way communication with staff is a key requirement for high levels of engagement, fostering a culture of innovation. Six monthly updates occur with the invitation to staff to ask questions of management that are answered in the meetings.

All staff are encouraged to contribute to the intra-net (Podio) which provides industry and company insights as well as technical updates.

Clients

Our success and competitive advantage are dependent upon fulfilling client requirements, particularly in relation to quality of service, its speed of delivery and security. Understanding current and emerging requirements of clients enables us to develop new and enhanced services, together with software to support the fulfilment of those services.

Shareholders

As a public company we provide transparent, easy-to-understand and balanced information to ensure support and confidence.

Departure and Reason - None

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

Within the scope of the annual reporting, specific financial risks are evaluated in detail, including in relation to foreign currency, interest rates, liquidity and credit.

The key risks of the Company are set out in the Annual Report & Accounts.

In terms of risk management and the Group's financial systems, the Audit Committee prepares a report following the completion of each audit as to the quality and robustness of the systems and a copy of this is

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

provided to the board which will consider the report at the board meeting held next following the completion of the report and acts on any recommendations contained in the report.

Staff are reminded on a regular basis to report, anonymously or otherwise, any security risks or threat they perceive in the operations of the business. On receipt of any such notification, a security incident team is assembled to assess and take remedial action as appropriate in the circumstances.

Staff are reminded on a regular basis that they should seek approval from the CEO if they, or their families, plan to trade in the Group's equities.

Departure and Reason - None

5. Maintain the board as a well-functioning, balanced team led by the chair

The members of the board have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements.

Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.

The board consists of five directors of which three are executive and two non-executive.

The board is supported by two committees: audit and remuneration.

The board intends to appoint additional non-executive directors as its business expands.

Non-executive directors are required to attend 10-12 board and board committee meetings per year and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

Departure and Reason - The board does not currently have a nominations committee. All members of the board are involved in the appointment of new directors, however the board is committed to keeping it under review and monitoring the prospective requirement periodically should the need arise to implement a separate nominations committee.

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

The five members of the board bring relevant sector experience in media and technology, bringing a strong mix of public market and corporate governance experience.

The board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. Directors attend seminars and other regulatory and trade events to ensure that their knowledge remains current.

Michael Infante, CEO

Term of office: Co-founder from the Group's inception in 2006.

Background and suitability for the role: Michael started his career in 1976 in the food industry working for his family's business, Creamery Fare. In 1988, after jointly orchestrating the sale of his family's business to the publicly listed Hazlewood Foods PLC, he joined the music industry. He worked on the Royal Philharmonic Orchestra's largest recording project as the executive producer for over 140 classical albums recorded at CTS studios in London. In 1995 Michael co-founded Air Music & Media Group PLC (now MBL Plc), which was admitted to trading on the OFEX market (now ICAP) in 2000 and subsequently moved to AIM in 2001. Recognising the emerging digital market in 2005, Michael founded the Company. Michael oversees the Company's acquisition programme having introduced an acquisition policy for nostalgic audio/visual content and has made over 80 acquisitions to date of small music and TV content catalogues. Michael is a serving Justice of the Peace for the West London Local Justice Area.

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

Alice Dyson, COO

Term of office: Appointed Managing Director for One Media IP Ltd in October 2016 and then appointed COO for the Group on 21 October 2019.

Background and suitability for the role: Alice, with over 20 years' music industry experience, has, for the last four years, held the role of Managing Director of the Company's trading subsidiary, One Media IP Ltd. In September 2017, Alice was elected as a director of the British Phonographic Industry ("BPI"). The BPI is the music industry's trade body that optimises the trading environment for the UK's music industry globally.

Steven Gunning, CFO and Company Secretary

Term of office: Appointed Group Financial Controller and Company Secretary in October 2016 and then appointed CFO for the Group on 21 October 2019.

Background and suitability for the role: Steve began his career with Barclays Bank plc, where he gained an extensive knowledge of the banking environment, both personal and corporate followed by a move to Dixons Group plc, working in the Finance department. His career then took him to Share plc, an independent retail stockbroker, and to the position of Chief Accountant. After 8 years with Share plc he took a position as the company accountant for Kings Oak Homes Ltd (a subsidiary of Barratt Developments plc) responsible for group reporting.

In 2007 he joined e-Financial Management Ltd, managing a portfolio of clients providing outsourced finance solutions and expertise to SME's, before starting his own company in 2012 and now provides strategic and financial support to a diverse set of clients in the manufacturing, property, retail, media and education sectors. An Accountant with over 20 years' experience in the finance industry, both managing the finance function for a wide range of companies and being part of the senior management team. He has a CIMA Diploma in Management Accounting and is a member of the Association of Accounting Technicians.

Claire Blunt, Chairman

Term of office: Appointed on 6 January 2020

Background and suitability for the role: In January 2021 Claire was appointed Chief Advertising Officer and Chief Executive Officer International at the Guardian Media Group, which she will fulfil alongside her current role at One Media. Prior to this appointment Claire was chief financial operations and data officer for Hearst Europe having held roles previously at Hearst UK. Prior to her roles at Hearst UK, Claire has served in lead financial and management roles at BrightHouse, Selecta Group, Hobbycraft and Staples.

Brian Berg, Independent Non-Executive Director

Term of office: Appointed on 6 January 2020

Background and suitability for the role: Brian Berg is Chairman of Eclipse Global Entertainment. He also holds senior media and music consultancy roles for various major companies and is Executive Producer on the hit musical Dreamboats and Petticoats. Prior to this Brian was the President of Universal Music Enterprises and a director of Universal Music, which is the biggest record company in the world. Brian has been chairman of fundraising for the leading music industry charity Nordoff Robbins Music Therapy, as well as a governor of the school and is still very involved with the charity.

Departure and Reason - None

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

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

A board evaluation process led by the chair took place January 2021. The review considered effectiveness in a number of areas including general supervision and oversight, business risks and trends, succession and related matters, communications, ethics and compliance, corporate governance and individual contribution.

A number of refinements in working practices were identified as a result of this exercise and have since been adopted.

We will be considering the use of external facilitators in future board evaluations.

As the business expands, the executive directors will be challenged to identify potential internal candidates who could potentially occupy board positions, and set out development plans for these individuals.

Departure and Reason - None

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

Our long-term growth is underpinned by our five core values, they are:

1. We place our customers first, putting ourselves in their shoes to understand the current and future needs of those who use our products and services, and always striving to exceed their expectations.
2. We have an enduring positive attitude that stems from being self-motivated, adaptable and agile and feeling fully empowered to make a difference, speaking out with ideas and suggestions to make things better.
3. We are team players who recognise that OMIP is a company worth much more than the sum of its parts, we are passionate about communicating with colleagues and with our customers and are committed to learning from one another.
4. We are committed to innovation in what we do and how we do it, and to working smarter rather than harder to reduce costs, increase efficiency and make lives easier by being creative, pragmatic and different.
5. We respect one another and are courteous, honest and straightforward in all our dealings, we honour diversity, individuality and personal differences, and are committed to conducting our business with the highest personal, professional and ethical standards.

The culture of the Group is characterised by these values which are communicated regularly to staff through internal communications and forums. The core values are communicated to prospective employees in the Group's recruitment programmes and are considered as part of the selection process.

The board believes that a culture that is based on the five core values is a competitive advantage and consistent with fulfilment of the group's mission and execution of its strategy.

Departure and Reason - None

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

The Board provides strategic leadership for the group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans. The Board defines a series of matters reserved for its decision and has approved terms of reference for its audit and remuneration committees to which certain responsibilities are delegated. The chair of each committee reports to the board on the activities of that committee.

The Audit Committee monitors the integrity of financial statements, oversees risk management and control and reviews external auditor independence.

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

The Remuneration Committee sets and reviews the compensation of executive directors including the setting of targets and performance frameworks for cash- and share-based awards.

The Executive Board, consisting of the executive directors, operates as a management committee, chaired by the Chairman, which reviews operational matters and performance of the business, and is responsible for significant management decisions while delegating other operational matters to individual managers within the business.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the group. He leads and chairs the board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual directors, the board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

The CEO provides coherent leadership and management of the group, leads the development of objectives, strategies and performance standards as agreed by the board, monitors, reviews and manages key risks and strategies with the board, ensures that the assets of the group are maintained and safeguarded, leads on investor relations activities to ensure communications and the Group's standing with shareholders and financial institutions is maintained, and ensures that the board is aware of the views and opinions of employees on relevant matters.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the board, making operational and financial decisions required in the day-to-day operation of the Group, providing executive leadership to managers, championing the Group's core values and promoting talent management.

The Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the group is operating within the governance and risk framework approved by the board.

The Company Secretary is responsible for providing clear and timely information flow to the board and its committees and supports the board on matters of corporate governance and risk.

The matters reserved for the board are:

- Setting long-term objectives and commercial strategy.
- Approving annual operating and capital expenditure budgets.
- Changing the share capital or corporate structure of the group.
- Approving half-year and full-year results and reports.
- Approving dividend policy and the declaration of dividends.
- Approving acquisitions, investments, disposals, capital projects or contracts.
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars.
- Approving changes to the board structure.

The board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this code on an annual basis and revise its governance framework as appropriate as the Group evolves.

Departure and Reason - None

ONE MEDIA^{IP} Group Plc

Corporate Governance Report - continued For the year ended 31 October 2020

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

A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist:

- the communication of shareholders' views to the board; and
- the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).

Historical annual reports and other governance-related material, notices of all general meetings over the last five years can be found on the website.

There have been no votes where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting.

In addition to the investor relations activities described above, the following audit and remuneration committee reports are provided.

Audit Committee Report

The Audit Committee's continued focus is on the effectiveness of the controls throughout the group. The Audit Committee consists of Claire Blunt, Chair, and Alice Dyson. The committee meets once a year, with the external auditor, the Group CFO and CEO will be invited to attend these meetings.

Consideration will be given to the auditor's pre- and post-audit reports and these will provide opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports.

Remuneration Committee Report

The remit of the Remuneration Committee is to determine the framework, policy and level of remuneration, and to make recommendations to the board on the remuneration of executive directors. In addition, the committee oversees the creation and implementation of all-employee share plans. The Remuneration Committee consists of Brian Berg, Chair, and Michael Infante. The committee meets twice a year.

In setting remuneration packages the committee ensure that individual compensation levels, and total board compensation, are comparable with those of other AIM-listed companies.

During the period under review the Remuneration Committee has granted options to executive and non-executive directors of the company. In granting these options, the Remuneration Committee's objective was to attract, motivate and retain key staff over the long term, designed to incentivise delivery of the company's growth objectives.

Departure and Reason - None

ONE MEDIA^{IP} Group Plc
Corporate Governance Report
For the year ended 31 October 2020 continued

Report on Remuneration

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders. The Group operates within a competitive environment where performance depends on the individual contributions of the Directors and employees and the Group believes in rewarding vision and innovation.

Policy on Executive Directors' remuneration

The Remuneration Committee is chaired by Brian Berg, Non-Executive Director and supported by Michael Infante, CEO. The Remuneration Committee met with the Chairman at the beginning of the financial year to discuss, and subsequently agreed, their recommendations for Executive Directors remuneration for the year.

Remuneration of the serving Directors for the year ended 31 October 2020 is as follows:

	Fees and emoluments Year ended 31 October 2020	Fees and emoluments Year ended 31 October 2019
	£	£
Michael Antony Infante	148,803	150,116
Philip Miles	-	110,994
Ivan Dunleavy	5,000	60,000
Lord Michael Grade	2,500	30,000
Scott Cohen	-	12,500
Alice Dyson	114,011	107,959
Steven Gunning	87,963	63,821
Claire Blunt	44,295	-
Brian Berg	44,295	-
	446,867	535,390

Bonuses and Performance Conditions

Included in the Fees and Emoluments for Michael Anthony Infante are taxable benefits in respect of Health Insurance of £10,153 (2019: £10,305), taxable benefit for a company car of £6,627 (2019: £1,812), attributable share option cost of £3,273 (2019: £7,995) and pension contributions of £3,750 (2019: £2,838). Michael Infante did not receive a bonus in the year (2019: £nil). Fees and Emoluments for Alice Dyson include taxable benefit for a company car of £9,702 (2019: £6,257), attributable share option cost of £1,309 (2019: £6,032) and pension contributions of £3,000 (2019: £2,670). Alice Dyson did not receive a bonus in the year. Fees and Emoluments for Steven Gunning include £17,500 (2019: £5,000) for his role as a director, £57,600 (2019: £56,460) in respect of his role as a consultant and £12,863 (2019: £2,361) attributable share option costs. Steven Gunning did not receive a bonus in the year. Claire Blunt Fees include £25,000 (2019: £nil) and attributable share option cost of £19,295 (2019: £nil). Brian Berg Fees include £25,000 (2019: £nil) and attributable share option cost of £19,295 (2019: £nil). Ivan Dunleavy Fees include £5,000 (2019: £60,000). Michael Grade Fees include £2,500 (2019: £30,000).

Directors' contracts do not include any specific performance criteria but implicit within their terms of their engagements is that at all times they will seek to enhance shareholder value. Apart from share options granted there are no other specific long term incentive plans for any of the Directors. The Company received qualifying services from 8 (2019: 5) Directors under long term incentive qualifying schemes.

Notice periods

The Directors have contracts which are terminable on twelve months' notice on either side for Michael Infante and three months on either side for all the other Directors.

ONE MEDIA ^{IP} Group Plc

Independent Auditors' Report to the Members of One Media ^{IP} Group Plc

Opinion

We have audited the financial statements of One Media IP Group Plc (the 'Company') for the year ended 31 October 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group and of the parent company's affairs as at 31 October 2020 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regard the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)'). Our audit approach was based on a thorough understanding of the company's business and is risk-based. We obtained an understanding the internal controls as required by Auditing Standards and carried out appropriate substantive and analytical procedures. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on our assessment of general and specific audit risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of

ONE MEDIA ^{IP} Group Plc

Independent Auditors' Report to the Members of One Media ^{IP} Group Plc

material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that there were no key matters applicable to the parent company to communicate in our report.

Revenue recognition

Risk description

In common with most trading businesses, there is a risk of revenue being materially misstated, either by error or fraud.

How the scope of our audit responded to the risk

To assess the appropriateness and completeness of revenue recognised in the year we performed the following procedures:

- examined a sample of revenue transactions by reference to underlying source documentation;
- examined on a sample basis the different types of revenue recognised during the year and around the period end;
- reviewed manual journals posted to the revenue account in the period and subsequent to year-end gaining an understanding of the appropriateness of these;
- reviewed accrued income at the balance sheet date and assessed its accuracy by reference to underlying commercial agreements and subsequent events;
- considered the appropriateness and application of the Group's accounting policy for revenue recognition; and
- considered the disclosures in the financial statements regarding revenue.

Key observations

The results of our testing were satisfactory.

Completeness of royalty accrual

Risk description

The Company has a number of royalty agreements in place. Royalties are payable based on sales figures at certain rates. There is a risk that the royalty accrual may be understated or overstated.

How the scope of our audit responded to the risk

To assess the appropriateness and completeness of royalty accrual recognised in the year we performed the following procedures:

- gained an understanding through walkthroughs performed and discussions with management of the process in place for recognising royalty accruals; and
- examined a sample of royalty accruals and performed a recalculation of the accrual.

Key observations

The results of our testing were satisfactory.

Management override

Risk description

As directed by the ISAs, there is a presumed risk of fraud or error due to management's ability to manipulate the results.

ONE MEDIA^{IP} Group Plc

Independent Auditors' Report to the Members of One Media^{IP} Group Plc

How the scope of our audit responded to the risk

Procedures:

- examined journal adjustments made throughout the year; and
- reviewed key areas that involved the use of management's judgement or estimations.

Key observations

The results of our testing were satisfactory.

Valuation and existence of intangible assets

Risk description

The Company has a significant amount of intangible assets. There are various risks associated with these assets including accurate capturing of costs to be capitalised, ensuring capitalised amounts meet the recognition criteria, and impairment risk.

How the scope of our audit responded to the risk

To assess the appropriateness of the application of accounting standards and the assumptions and judgements made by management in the recognition and measurement of intangibles we performed the following procedures:

- gained an understanding of how management recognise intangible assets of various classes;
- examined the assets recognised and considered their recognition against the criteria detailed in IAS 38;
- examined a sample of assets capitalised in the year to supporting evidence;
- reviewed amortisation calculations and considered the appropriateness of the rates applied;
- considered impairment risk; and
- considered the disclosures in the financial statements regarding intangibles.

Key observations

The results of our testing were satisfactory.

Our application of materiality

We define materiality as the magnitude of misstatement or omission in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgment we determined overall materiality for the financial statements as a whole to be £50,000 (2019: £40,000), based on 5% of operating profit. Performance materiality of £40,000 (2019: £30,000) was applied for testing and it was agreed with the board that we would report on all audit differences in excess of £2,500 (2019: £2,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other information included in the annual report

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit of otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

ONE MEDIA ^{iP} Group Plc

Independent Auditors' Report to the Members of One Media ^{iP} Group Plc

whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

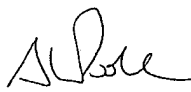
ONE MEDIA ^{iP} Group Plc

Independent Auditors' Report to the Members of One Media ^{iP} Group Plc

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

Use of our report

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



Alan Poole BA (Hons) FCA (Senior Statutory Auditor)
For and on behalf of
James Cowper Kreston
Chartered Accountants and Statutory Auditors

Reading Bridge House
George Street
Reading
RG1 8LS

30 March 2021

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897

Consolidated Statement of Comprehensive Income
For the year ended 31 October 2020

	Note	Year ended 31 October 2020	Year ended 31 October 2019
		£	£
Revenue	1	4,005,385	3,508,891
Cost of sales		(2,069,203)	(1,756,464)
Gross profit		1,936,182	1,752,427
Administration expenses		(916,298)	(873,513)
Operating profit	2	1,019,884	878,914
Share based payments	15	(62,465)	(142,497)
Finance costs	3	(223,384)	(189,322)
Finance income	3	8	127
Profit on ordinary activities before taxation	4	734,043	547,222
Tax expense		(103,846)	(88,778)
Profit for period attributable to equity shareholders and total comprehensive income for the year		630,197	458,444
Basic earnings per share	7	0.42p	0.34p
Diluted earnings per share	7	0.33p	0.26p

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing activities.

The notes on pages 30 to 54 form part of these financial statements.

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897

Consolidated Statement of Changes in Equity
For the year ended 31 October 2020

	Share Capital	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 November 2018	678,018	239,546	4,314,220	222,259	1,981,765	7,435,808
Share based payment charge	-	-	-	142,497	-	142,497
Profit for the year	-	-	-	-	458,444	458,444
At 1 November 2019	678,018	239,546	4,314,220	364,756	2,440,209	8,036,749
Proceeds from the issue of new shares	431,713	-	5,159,107	-	-	5,590,820
Share based payment charge	-	-	-	62,465	-	62,465
Profit for the year	-	-	-	-	630,197	630,197
Dividends paid	-	-	-	-	(74,582)	(74,582)
At 31 October 2020	1,109,731	239,546	9,473,327	427,221	2,995,824	14,245,649

The notes on pages 30 to 54 form part of these financial statements.

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897

Consolidated Statement of Financial Position at 31 October 2020

	Note	At 31 October 2020 £	At 31 October 2019 £
Assets			
Non-current assets			
Intangible assets	8	8,884,158	8,900,408
Property, plant and equipment	9	91,260	7,648
		<u>8,975,418</u>	<u>8,908,056</u>
Current assets			
Trade and other receivables	11	1,141,555	987,054
Cash and cash equivalents	12	6,766,424	860,611
		<u>7,907,979</u>	<u>1,847,665</u>
Total current assets		<u>7,907,979</u>	<u>1,847,665</u>
Total assets		<u>16,883,397</u>	<u>10,755,721</u>
Liabilities			
Current liabilities			
Trade and other payables	13	823,151	1,011,131
Deferred tax	14	117,356	85,573
		<u>940,507</u>	<u>1,096,704</u>
Total current liabilities		<u>940,507</u>	<u>1,096,704</u>
Borrowings	21	1,697,241	1,622,268
		<u>1,697,241</u>	<u>1,622,268</u>
Total liabilities		<u>2,637,748</u>	<u>2,718,972</u>
Equity			
Called up share capital	15	1,109,731	678,018
Share redemption reserve		239,546	239,546
Share premium account		9,473,327	4,314,220
Share based payment reserve		427,221	364,756
Retained earnings		2,995,824	2,440,209
		<u>14,245,649</u>	<u>8,036,749</u>
Total equity		<u>14,245,649</u>	<u>8,036,749</u>
Total equity and liabilities		<u>16,883,397</u>	<u>10,755,721</u>

The notes on pages 30 to 54 form part of these financial statements.

The Consolidated Financial Statements were approved by the Directors on 30 March 2021 and signed on their behalf by:


One Media IP
www.onemediaip.com
01753 785500

Michael Infante
Director

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897

Company Statement of Financial Position at 31 October 2020

	Note	At 31 October 2020 £	At 31 October 2019 £
Assets			
Non-current assets			
Investments	10	<u>493,817</u>	<u>493,817</u>
Current assets			
Trade and other receivables	11	7,454,333	7,629,230
Cash and cash equivalents	12	<u>6,388,047</u>	<u>548,491</u>
Total current assets		13,842,380	8,177,721
Total assets		<u>14,336,197</u>	<u>8,671,538</u>
Liabilities			
Current liabilities			
Trade and other payables	13	140,220	71,611
Deferred tax	14	<u>24,995</u>	<u>24,995</u>
Total current liabilities		<u>165,215</u>	<u>96,606</u>
Borrowings	21	<u>1,697,241</u>	<u>1,622,268</u>
Total liabilities		<u>1,862,456</u>	<u>1,718,874</u>
Equity			
Called up share capital	15	1,109,731	678,018
Share redemption reserve	16	239,546	239,546
Share premium account	16	9,473,327	4,314,220
Share based payment reserve	16	326,196	263,731
Retained earnings	16	<u>1,324,941</u>	<u>1,457,149</u>
Total equity		<u>12,473,741</u>	<u>6,952,664</u>
Total equity and liabilities		<u>14,336,197</u>	<u>8,671,538</u>

The notes on pages 30 to 54 form part of these financial statements.

The Company Financial Statements were approved by the Directors on 30 March 2021 and signed on their behalf by:


One Media IP
www.onemediap.com
01753 785500

Michael Infante
Director

ONE MEDIA ^{IP} Group Plc

Registered Number: 05799897

Consolidated and Company Cash Flow Statement
For the year ended at 31 October 2020

	Year ended 31 October 2020 Group	Year ended 31 October 2019 Group	Year ended 31 October 2020 Company	Year ended 31 October 2019 Company
	£	£	£	£
Cash flows from operating activities				
Operating profit before tax	734,043	547,222	(57,627)	(70,475)
Amortisation	523,170	332,423	-	-
Depreciation	18,504	7,885	-	-
Share based payments	62,465	142,497	(38,560)	142,497
Finance income	(8)	(127)	(3)	(115)
Finance costs	223,384	189,322	-	189,322
(Increase) in receivables	(162,150)	(306,094)	275,472	(4,453,635)
Increase/(decrease) in payables	(238,909)	333,210	178,193	(75,903)
Corporation tax paid	(127,735)	-	-	-
Net cash inflow (outflow) from operating activities	1,032,764	1,246,338	357,475	(4,268,309)
Cash flows from investing activities				
Investment in intellectual property rights and TCAT	(506,919)	(5,881,529)	-	-
Investment in property, plant and equipment	(102,117)	(3,310)	-	-
Finance income	8	127	3	115
Net cash used in investing activities	(609,028)	(5,884,712)	3	115
Cash flows from financing activities				
Net proceeds from the issue of new shares	5,590,820	-	5,590,820	-
Finance cost paid	(109,136)	(99,404)	(109,136)	(99,404)
Loan notes	74,975	22,010	74,975	22,010
Dividend paid	(74,582)	-	(74,582)	-
Net cash inflow (outflow) from financing activities	5,482,077	(77,394)	5,482,077	(77,394)
Net change in cash and cash equivalents	5,905,813	(4,715,768)	5,839,555	(4,345,588)
Cash at the beginning of the year	860,611	5,576,379	548,492	4,894,080
Cash at the end of the year	6,766,424	860,611	6,388,047	548,492

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Basis of preparation

The Company is a public limited company incorporated and domiciled in England under the Companies Act 2006. The Board has adopted and complied with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company's shares were admitted for trading on the AIM market of the London Stock Exchange on 18 April 2013.

Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Unrealised gains or losses on transactions between the Group and its subsidiaries are eliminated. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the equity method. The equity method involves the recognition of the fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Revenue

The Group recognises revenue when performance obligations have been satisfied and for the Group this is when the services have been provided to the customer and the customer has control over use of the services. In principle therefore, revenue is recognised to the extent that the Group has obtained the right to consideration through its performance.

Revenue, excluding VAT, represents the value of income arising from digital distribution, licences and goods delivered or title passed. In the case of digital income revenue is recognised when reported to the Group and where reasonable estimates can be made of digital stores income still to be reported at any point of time.

In line with normal accounting practice revenue is reported gross received and receivable.

Commercial advances

To the extent that commercial advances are un-recouped at the year end any outstanding amounts are included in Other payables. The outstanding balances are calculated in line with underlying contractual obligations.

Going concern

The Directors monitor the capital and liquidity requirements of the Group and its subsidiaries on a regular basis. They have also reviewed cash flow forecasts which are based on assumptions about the future returns from existing Catalogues and the annual operating cost. Based on these sources of information and their own judgement the Directors believe it is appropriate to prepare the Consolidated Financial Statements of the Group on a going concern basis. The business has a robust recurring income model that lends itself to remote working, much like its major partners. As a result of a planned disaster recovery process all of the Group's business operations are expected to continue as normal. However, the Group understands that it cannot control the effects on third parties and their business operations. In the event of a material drop in revenue the Group has significant cash reserves that enables it to continue to operate during this period without any adverse impact on the business.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method of temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable the reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Intangible assets

Licences and other intangible assets

Licences and other intangible assets, including labour capitalised under IAS38 Intangible Assets, are valued at cost less accumulated amortisation. Capitalised labour represents costs incurred in "ingesting" products and the compilation of existing content into new and revised albums. Amortisation is calculated to write off the cost in equal amounts over the life of the licences and other intangible assets (between 24 months and 25 years). Licences and intangible assets are subject to annual impairment reviews.

Assets acquired as part of a business combination

In accordance with IFRS 3 revised "Business Combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. The fair value is then amortised over the economic life of the assets. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separable from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complimentary assets are not reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Impairment of intangible assets, property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units, other than intangible assets with an identifiable useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised in the income statement for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units are charged to the assets in the cash generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of amortisation, if no impairment had been recognised.

Financial assets

The Group's financial assets include cash and other receivables.

All financial assets are recognised when the Group becomes party to the contractual provisions of the investment. All financial assets are initially recognised at fair value, plus transaction costs.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the income statement when received, regardless of how the related carrying amount of financial assets is measured.

Trade and other receivables are subsequently measured at amortised cost. Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, together with short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value with original maturities of three months or less from the date of acquisition.

Equity

The share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the income statement.

Financial liabilities

The Group's financial liabilities include trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest charges recognised as an expense in the income statement.

Dividend distributions to shareholders are included in "other short term financial liabilities" when dividends are approved by the shareholders' before the year end.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reasonably. Timing or the amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. For example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of the settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to present values, where the time value of money is material. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of the present obligation is considered improbable or remote, or the amount to be provided cannot be measured reliably, no liability is recognised in the balance sheet. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria are considered contingent assets.

Property, plant and equipment

Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. In the case of new internally generated software creation and improvements this includes capitalised labour. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the period in which they are incurred.

When assets are sold any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets is included in the income statement.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Fund raise costs

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

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Property, plant and equipment - continued

Lease policy

The date of initial application of IFRS 16 for the Group is November 2019. Refer to Note 20 for impact of adoption of IFRS 16.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 years
- Motor vehicles and other equipment 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the Impairment of intangible assets, property, plant and equipment in the principal accounting policies.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Property, plant and equipment - continued

The Group's lease liabilities are included in trade and other payables (see Note 13).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life as follows:

Furniture and fixtures	- 33.33% straight line
Office equipment	- 33.33% straight line
Right of use assets	- over remaining life of the lease

Investment in subsidiary

Investment in subsidiary undertakings is shown at cost, less any provision for impairment.

Foreign currency

The Consolidated Financial Statements are presented in UK Sterling which is also the functional currency of the parent Company. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the Income Statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Operating segments

A segment is a distinguishable component of the Group that is engaged either in a particular business (business segment) or conducting business in a particular geographic area (geographic segment), which is subject to risks and rewards that are different from other segments.

The Group operates in one significant business segment which is the digital "net-label" market, the results of which are seen in the Consolidated Statement of Comprehensive Income.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Impairment of assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that the carrying amounts may not be recoverable annually, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are made in respect of the potential impairment of goodwill, intellectual property, licences and other intangible assets.

Internally generated intangible assets and software systems

The Group capitalises labour in respect of intangible assets and internally generated software. Significant judgement is required in estimating the time and cost involved in these activities and distinguishing the research from the development phase. Development costs are recognised as an asset whereas research costs are expensed as incurred.

Share option and warrant policy

The Group has applied the requirements of IFRS 2 Share-Based Payment.

The Group operates both approved and unapproved share option and warrant schemes for the Directors, senior management and certain employees.

Where share options and warrants are awarded, the fair value of the instruments at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted, as long as other vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the instruments are modified before they vest, any increase in fair value of these instruments, measured immediately before and after the modification is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral conditions.

Fundraising costs

Fundraise costs have been allocated to the balance sheet and are amortised over the period of the debt facility.

Adoption of new or amended IFRS

a) New standards, interpretations and amendments effective from 1 November 2019

- IFRS 16 Leases (IFRS 16);

Details of the impact of IFRS16 is given in note 20 below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Impact of first time application

New standards, interpretations and amendments effective from 1 November 2019.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Adoption of new or amended IFRS – continued

IFRS 16 Leases

The date of initial application of IFRS 16 for the Group is 1 November 2019.

IFRS 16 - Leases supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease. IFRS 16 sets out the principles for recognising, measuring, presenting and disclosing leases and requires lessees to account for all leases in the financial statements on the basis of a single model similar to that used to account for finance leases in accordance with IAS 17.

The main provisions for the financial statements of the lessee are as follows:

- a) the identified asset is represented as an asset in the form of a right of use, within the assets of the balance sheet (as a proprietary asset), as a contra-entry to a financial liability;
- b) the value of the asset's initial recognition is equal to the present value of the periodic payments/costs contractually envisaged to dispose of the asset;
- c) upon closing of the books subsequent to the initial recognition of the asset, and for the entire duration of the contract, the asset is amortised on a systematic basis, while the financial liability is increased by the accrued interest expense to be calculated on the basis of the internal rate of the lease contract;
- d) when paying the periodic fee, the financial liability is reduced by the same amount.

The scope of application of the standard does not include "short-term" contracts (no more than twelve months) and "low value" contracts (with items not exceeding £5,000); for these contracts, the lessor has the right to exercise the option not to apply IFRS 16, and therefore to continue to refer to the current accounting regime.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 November 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 November 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The new accounting policies are disclosed in note 20.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 November 2019 at 5%.

The change in accounting policy affected the following items in the balance sheet on 1 November 2019:

- Right-of use assets – increase by £98,692
- Right-of-use liability – increase by £98,692

Please refer to note 20 for further information on leases.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 20 Leases for the accounting policy beginning 1 November 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Adoption of new or amended IFRS – continued

present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

A reconciliation of the finance lease liabilities and operating lease commitments at 31 October 2020 disclosed in the Group's consolidated financial statements to the lease liabilities recognised at 1 November 2019 are shown in note 20.

There were no other new standards, interpretations and amendments effective from 1 November 2019 that were deemed to have a material impact on the Group.

b) New standards, interpretations and amendments not yet effective

At the date of signing of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 17 – Insurance contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4.

Insurance Contracts as of 1 January 2021.

Effective for annual reporting periods beginning on or after 1 January 2021.

As the Group does not offer insurance products this new standard is not expected to have a material impact on the Group.

Classification of liabilities as current or non-current (amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Group expects to adopt the amendment for the first time in the 2022 annual financial statements. The impact of this amendment will depend on the nature of debt and other liabilities arising.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Effective for annual reporting periods beginning on or after 1 January 2022.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2020

Adoption of new or amended IFRS – continued

The Group expects to adopt the amendment for the first time in the 2022 annual financial statements. The Group does not expect this amendment will have a material impact.

Annual Improvements 2018-2020 Cycle

These annual improvements will make the following amendments:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IAS 41 Agriculture - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Group expects to adopt the amendment for the first time in the 2022 annual financial statements. The Group does not expect this amendment will have a material impact.

Reference to the Conceptual Framework (Amendments to IFRS 3)

These amendments will result in the following changes to IFRS 3:

- i) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- ii) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- iii) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective for annual reporting periods beginning on or after 1 January 2022.

The Group expects to adopt the amendment for the first time in the 2022 annual financial statements. The Group does not expect this amendment will have a material impact.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

Amends IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The changes:

- i) provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- ii) require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- iii) require lessees that apply the exemption to disclose that fact; and
- iv) require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The practical expedient applies to COVID-19-related rent concessions that result in reduction in lease payments due on or before 30 June 2021.

Effective for annual reporting periods beginning on or after 1 June 2020.

ONE MEDIA^{IP} Group Plc

**Principal Accounting Policies
For the year ended 31 October 2020**

Adoption of new or amended IFRS – continued

The Group expects to adopt the amendment for the first time in the 2021 annual financial statements. The Group does not expect this amendment will have a material impact.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

1. Revenue

Revenue is the amount attributable to the Group's principal activity undertaken in the United Kingdom. The geographic split of Group revenue is as follows:

	Year ended 31 October 2020	Year ended 31 October 2019
	£	£
United Kingdom	111,778	140,377
North America & rest of world	3,518,708	3,008,952
Europe	374,899	359,562
	<u>4,005,385</u>	<u>3,508,891</u>

The Group considers it has one business segment with all its Profit ultimately earned from its sole activity in the United Kingdom.

Included in revenues for the year ended 31 October 2020 it is estimated that £802,000 (2019: £787,000) is from its largest ultimate customer and £381,000 (2019: £503,000) from its second largest ultimate customer. Together these represent 29.5% (2019: 36.8%) of the total Group revenue for the year. In addition, the company relies on a distribution aggregator (The Orchard) who channels approximately 62% (2019: 70%) of the Group's turnover.

2. Operating profit

Operating profit is stated after charging:

Group	Year ended 31 October 2020	Year ended 31 October 2019
	£	£
Directors' remuneration	446,867	351,110
Amortisation of intangible assets	523,170	332,423
Depreciation of plant, property and equipment	18,505	7,885
Auditors' remuneration - audit fees	17,000	14,975
Auditors' remuneration - taxation	4,450	4,300
Difference on foreign exchange	(2,953)	35,183
	<u></u>	<u></u>

Included in audit fees above is £6,500 (2019: £6,500) for the audit of the parent Company.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

3. Finance cost and finance income

	Year ended 31 October 2020 £	Year ended 31 October 2019 £
Finance costs	(223,384)	(189,322)
Interest receivable	8	127

4. Taxation

	Year ended 31 October 2020 £	Year ended 31 October 2019 £
Analysis of the charge for the year		
UK corporation tax charge	72,063	61,779
Deferred tax	31,783	26,999
	<u>103,846</u>	<u>81,488</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2019: 19%). The actual tax charge for the periods is different than the standard rate for the reasons set out in the following reconciliation:

Reconciliation of current tax charge	Year ended 31 October 2020 £	Year ended 31 October 2019 £
Profit on ordinary activities before tax	<u>734,043</u>	<u>547,221</u>
Tax on profit on ordinary activities at 19% (2019: 19%)	139,468	103,972
Effects of:		
Non-deductible expenses	14,869	29,624
Adjustments to tax charge in respect of previous periods	-	1,696
Fixed asset timing differences	31,783	26,999
Depreciation in excess of capital allowances	(4,430)	(4,109)
Share scheme deduction		
Research and development	(77,844)	(69,404)
Total tax charge	<u>103,846</u>	<u>88,778</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £22,757, to increase the deferred tax liability by £62,313.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

5. Employee information

	Year ended 31 October 2020	Year ended 31 October 2019
	£	£
Directors' emoluments - excluding applicable share option and pension charges	384,082	254,729
Fees paid to directors	57,600	90,000
Share option charge	62,465	142,497
Wages and salaries	279,288	322,279
Social security	53,158	52,793
Pension	11,226	10,782
Benefit in kind	3,858	3,052
	<u>851,677</u>	<u>876,132</u>

The average monthly number of Group employees (excluding non-executive directors) during the year was as follows:

	Year ended 31 October 2020	Year ended 31 October 2019
Technical, creative technicians and management	<u>10</u>	<u>11</u>

6. Parent Company Profit and Loss Account

The loss for the year to 31 October 2020 dealt within in the financial statements of the parent Company was £132,208 (2019: profit £30,550 as restated in note 16). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent Company.

7. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculations is 149,252,562 (2019: 135,603,699) and for the diluted earnings per share assuming the exercise of all warrants and share options is 189,047,539 (2019: 173,237,032).

The calculation of basic earnings per share is based on the profit for the period of £630,197 (2019: £458,444). Based on the weighted average number of shares in issue during the year of 149,252,562 (2019: 135,603,699) the basic earnings per share is 0.42p (2019: 0.34p). The diluted earnings per share is based on 189,047,539 shares (2019: 173,237,032) and is 0.33p (2019: 0.26p).

ONE MEDIA^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2020**

8. Intangible assets - Group

	Intangible assets
	£
Cost	
At 1 November 2018	4,826,044
Additions	5,881,527
Disposals	-
At 31 October 2019	<u>10,707,571</u>
Additions	506,920
Disposals	-
At 31 October 2020	<u><u>11,214,491</u></u>
Amortisation	
At 1 November 2018	1,474,740
Charge for the year	332,423
Disposals	-
At 31 October 2019	<u>1,807,163</u>
Charge for the year	523,169
Disposals	-
At 31 October 2020	<u><u>2,330,332</u></u>
Net book value	
At 31 October 2020	<u><u>8,884,159</u></u>
At 31 October 2019	<u><u>8,900,408</u></u>

All amortisation is included in Cost of sales in the Consolidated Statement of Comprehensive Income.

ONE MEDIA^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2020**

9. Property, plant and equipment - Group

	Office equipment	Fixtures and fittings	Right of Use assets	Total
	£	£	£	£
Cost				
At 1 November 2018	63,845	11,294	-	75,139
Additions	3,310	-	-	3,310
Disposals	-	-	-	-
At 31 October 2019	67,155	11,294	-	78,449
Additions	3,425	-	98,692	102,117
Disposals	-	-	-	-
At 31 October 2020	70,580	11,294	98,692	183,991
Depreciation				
At 1 November 2018	52,255	10,661	-	62,916
Charge for the year	7,667	218	-	7,885
Disposals	-	-	-	-
At 31 October 2019	59,922	10,879	-	70,801
Charge for the year	5,801	217	12,487	18,505
Disposals	-	-	-	-
At 31 October 2020	65,723	11,096	12,487	89,306
Net book value				
At 31 October 2020	4,857	198	86,205	91,260
At 31 October 2019	7,233	415	-	7,648

All depreciation is included in administrative expenses in the Consolidated Statement of Comprehensive Income.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

10. Investment in subsidiary undertakings

Total
£

At 1 November 2019 and 31 October 2020

493,817

The Company holds interests in the following subsidiary undertakings.

Company	Country of incorporation	Nature of business	Class of shares	Share held %
One Media iP Limited Company number 05536271	England and Wales	Audio-visual content	Ordinary	100%
Collecting Records LLP Company number OC307927	England and Wales	Dormant	Partnership	99%
One Media Intellectual Property Limited Company number 08224199	England and Wales	Dormant	Ordinary	100%
One Media Publishing Limited Company number 082123128	England and Wales	Dormant	Ordinary	100%
OMIP Ltd Company number 10585974	England and Wales	Dormant	Ordinary	100%
TCAT Limited Company number 10586072	England and Wales	Dormant	Ordinary	100%
Men & Motors Limited Company number 10582506	England and Wales	Dormant	Ordinary	100%
Harmony IP Limited Company number 11974465	England and Wales	Dormant	Ordinary	100%

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted companies One Media iP Limited, One Media Intellectual Property Limited, One Media Publishing Limited, OMIP Ltd, TCAT Limited, Men & Motors Limited and Harmony IP Limited. One Media iP Group Plc owns 99% of the Limited Liability Partnership Collecting Records LLP with the other 1% of the Limited Liability Partnership Collecting Records LLP held by One Media iP Limited. All of the above subsidiaries principal place of business is 623 East Props Building, Pinewood Studios, Iver Heath, Bucks SL0 0NH.

All the above activities are included in the consolidated financial statements.

11. Receivables

	Year ended 31 October 2020 Group £	Year ended 31 October 2019 Group £	Year ended 31 October 2020 Company £	Year ended 31 October 2019 Company £
Amounts owed by group undertakings	-	-	7,400,705	7,614,012
Trade receivables	277,655	230,415	-	-
Trade payables	-	-	-	449
Social security and other taxes	7,848	15,497	-	-
Other receivables	798,130	699,915	33,317	2,591
Prepayments	57,921	41,227	20,311	12,178
	<u>1,141,554</u>	<u>987,054</u>	<u>7,454,333</u>	<u>7,629,230</u>

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

11. Receivables – continued

Trade and other receivables are usually due within 30 to 90 days and do not bear any effective interest. A provision of £nil (2019: £nil) was made for doubtful debts at 31 October 2020.

12. Cash and cash equivalents

An analysis of cash and cash equivalent balances by currency is shown below:

	Year ended 31 October 2020 Group	Year ended 31 October 2019 Group	Year ended 31 October 2020 Company	Year ended 31 October 2019 Company
	£	£	£	£
GB£	6,401,826	591,740	6,388,047	548,491
US\$	346,890	258,435	-	-
Euro	17,708	10,436	-	-
	<u>6,766,424</u>	<u>860,611</u>	<u>6,388,047</u>	<u>548,491</u>

13. Trade and other payables

	Year ended 31 October 2020 Group	Year ended 31 October 2019 Group	Year ended 31 October 2020 Company	Year ended 31 October 2019 Company
	£	£	£	£
Current				
Trade payables	101,330	44,078	44,744	-
Social security and other taxes	-	-	-	-
Corporation tax	67,843	114,591	-	-
Accruals & deferred Income	129,219	451,898	95,475	71,611
Other payables	438,554	400,564	-	-
RoU liabilities	86,205	-	-	-
	<u>823,151</u>	<u>1,011,131</u>	<u>140,219</u>	<u>71,611</u>

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

14. Deferred tax liability

Group	Year ended 31 October 2020	Year ended 31 October 2019
	£	£
Opening balance	85,573	58,574
Origination and reversal of timing differences	31,783	26,999
Total deferred tax liability	117,356	85,573

The Group has estimated trading losses of £nil (2019: £nil) available for carry forward against future trading profits.

Company	Year ended 31 October 2020	Year ended 31 October 2019
	£	£
Opening balance	24,995	24,995
Other timing differences	-	-
Unrelieved tax losses	-	-
Total deferred tax liability	24,995	24,995

15. Share capital

Group and Company	2020	2019
	£	£
Authorised:		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued:		
221,946,249 (2019: 135,603,699) ordinary shares of 0.5p each	1,109,731	678,018

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

15. Share capital - continued

The movement in the issued share capital over the last year has been as follows:

	£
Balance at 1 November 2019	678,018
Shares issued in period	431,713
Balance at 31 October 2020	<u>1,109,731</u>

At 31 October 2020 500,000 (2019: 500,000) share options of 2.75p, granted on 7 March 2011, were outstanding. The number of Directors holding share options at 31 October 2020 was 1 (2019: 1). The options are exercisable on or before 6 March 2021.

On 5 June 2014 a further 300,000 share options of 14.5p were issued to 3 members of staff and remain outstanding at 31 October 2020 (2019: 300,000). These options are exercisable on or before 4 June 2021.

On 21 April 2015 a further 1,200,000 share options of 9p were issued to 2 directors and 1 member of staff remain outstanding at 31 October 2020 (2019: 1,200,000). These options are exercisable on or before 20 April 2022.

On 22 December 2017 a further 2,000,000 share options of 9p were issued to 3 directors and 1 member of staff remain outstanding at 31 October 2020 (2019: 2,000,000). These options are exercisable on or before 21 December 2022.

On 25 September 2018 a further 30,833,333 share options of 6p were issued and remain outstanding at 31 October 2020 (2019: 30,833,333). These options are exercisable on or before 24 September 2025.

On 11 April 2019 a further 3,800,000 share options of 6p were issued to 3 directors and 1 member of staff remain outstanding at 31 October 2020. These options are exercisable on or before 30 October 2026.

All share options issues were made to underpin key Directors and senior staff service conditions. The share based payment charge in relation to these share options is spread over the period of subscription.

The share price of the options granted on 7 March 2011 was 2.75p per share. The Fair Value of these options, based on the Black Scholes model, was 4.15p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £nil has been made for the year ended 31 October 2019 (2018: £2,595).

The share price of the options granted on 5 June 2014 was 14.5p per share. The Fair Value of these options, based on the Black Scholes model, was 21.87p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £3,158 has been made for the year ended 31 October 2020 (2019: £3,158).

The share price of the options granted on 21 April 2015 was 9p per share. The Fair Value of these options, based on the Black Scholes model, was 13.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £7,855 has been made for the year ended 31 October 2020 (2019: £7,855).

The share price of the options granted on 25 September 2018 was 6p per share. The Fair Value of these options, based on the Black Scholes model, was 8.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £nil has been made for the year ended 31 October 2019 (2019: £113,539).

The share price of the options granted on 11 April 2019 was 6p per share. The Fair Value of these options, based on the Black Scholes model, was 8.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £nil has been made for the year ended 31 October 2020 (2019: £17,945).

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

15. Share capital - continued

The share price of the options granted on 3 April 2020 was 6p per share. The Fair Value of these options, based on the Black Scholes model, was 8.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £51,452 has been made for the year ended 31 October 2020.

16. Company reserves

	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
At 1 November 2018 (as restated)	239,546	4,314,220	222,259	1,426,599	6,202,624
Proceeds from the issue of new shares	-	-	-	-	-
Fund raise costs	-	-	-	-	-
Share based payment charge (as restated)	-	-	41,472	-	41,472
Profit / (loss) for the year (as restated)	-	-	-	30,550	30,550
At 1 November 2019	239,546	4,314,220	263,731	1,457,149	6,274,646
Proceeds from the issue of new shares	-	5,612,265	-	-	5,612,265
Fund raise costs	-	(453,158)	-	-	(453,158)
Share based payment charge	-	-	62,465	-	62,465
Profit / (loss) for the year	-	-	-	(57,626)	(57,626)
Dividend paid	-	-	-	(74,582)	(74,582)
At 31 October 2020	239,546	9,473,327	326,196	1,324,941	11,364,010

A prior year adjustment of £101,025 has been made to correctly account for share based payment charges as at 31 October 2019. The impact of this adjustment is to decrease losses by £101,025 and share based payment charge by £101,025.

The Consolidated Statement of Changes in Equity is shown on page 26.

17. Dividends

The total dividend paid in the year ended 31 October 2020 was £74,582 (2019: £nil).

18. Contingent liabilities

Due to the nature of the business, from time to time, claims will be made against the Group. Nonetheless, the Directors are not aware of any claims that are likely to be successful and, in their opinion, result in a material liability.

ONE MEDIA ^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

19. Capital commitments

There were no capital commitments at 31 October 2020 or at 31 October 2019.

20. Leases

Property, Plant and Equipment comprise owned and leased assets that do not meet the definition of investment property.

	Note	2020 £	2019 £
Property, Plant and Equipment owned	9	5,055	7,648
Right of Use Assets		86,025	-
		<u>91,260</u>	<u>7,648</u>

Information about leases for which the company is a lessee is presented below.

Right of Use Assets 2020	Property £	Equipment £	Total £
Balance at 1 November 2019	-	-	-
Additions in the year	75,979	22,713	98,692
Depreciation charge for the year	(9,497)	(2,990)	(12,487)
Balance at 31 October 2020	66,482	19,723	86,205

Lease Liabilities

Maturity Analysis – contractual undiscounted cashflows	£
Less than one year	49,960
One to five years	40,214
More than five years	-
Total undiscounted leases liabilities at 31 October 2020	<u>87,174</u>
Lease liabilities included in the statement of financial position at 31 October 2020	<u>86,887</u>
Current	45,915
Non-current	40,972
Amounts recognised in profit or loss	2020 £
Interest on lease liabilities	<u>960</u>
Total	<u>960</u>

21. Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, other loans and various other short-term instruments such as trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and the short-term working capital requirements of the business.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

21. Financial instruments - continued

Financial assets by category

Categories of financial asset included in the Consolidated Statement of Financial Position are as follows:

	Loans and receivables	Non financial assets	2020 Total	Loans and receivables	Non financial assets	2019 Total
	£	£	£	£	£	£
Licenses and other intangible assets	-	8,884,159	8,884,159	-	8,900,409	8,900,409
Property, plant and equipment	-	5,055	5,055	-	7,648	7,648
RoU assets	-	86,205	86,205	-	-	-
Trade receivables	277,655	-	277,655	230,415	-	230,415
Social security and other taxes	7,848	-	7,848	15,497	-	15,497
Other receivables	798,130	-	798,130	699,915	-	699,915
Prepayments	57,921	-	57,921	41,227	-	41,227
Cash and cash equivalents	6,766,424	-	6,766,424	860,611	-	860,611
	7,907,978	8,975,419	16,883,397	1,847,665	8,908,057	10,755,722

Included within loan and receivables above are cash and cash equivalents of £6,388,047 (2019: £548,191), and trade and other receivables of £53,629 (2019: £14,770) excluding amounts owed by group undertakings in relation to the company.

Trade Receivables at 31 October 2020 of £277,655 (2019: £230,415) include £235,096 (2019: £188,824) payable in \$USD and £10,727 (2019: £5,746) payable in Euro.

Financial liabilities by category

Categories of financial liabilities included in the Consolidated Statement of Financial Position are as follows:

	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	2020 Total	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	2019 Total
	£	£	£	£	£	£
Trade payables	101,330	-	101,330	44,078	-	44,078
Social security and other taxes	-	-	-	-	-	-
Corporation tax	67,843	-	67,843	114,591	-	114,591
Deferred tax	117,356	-	117,356	85,573	-	85,573
Accruals and deferred income	-	129,219	129,219	-	451,898	451,898
Other payables	438,554	-	438,554	400,564	-	400,564
RoU liabilities	86,205	-	86,205	-	-	-
Borrowings	1,697,241	-	1,697,241	1,622,268	-	1,622,268
	2,508,529	129,219	2,637,748	2,267,074	451,898	2,718,972

ONE MEDIA ^{iP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

21. Financial instruments - continued

Included within other financial liabilities are trade payables of £nil (2019: £nil) and other payables of £6,500 (2019: £6,500) in relation to the company.

The Group is exposed to a variety of financial risks which result from its operating activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows. Long term investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables and cash and cash equivalents. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of digital content, The Orchard. Cash at bank is all held with highly rated banks or deposit takers, the suitability of which is constantly reviewed. The maximum credit to which the Group is exposed, including Cash at bank of £6,766,424, is £7,900,130 (2019: £1,832,168).

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

All the financial liabilities noted above, with the exception of the liability to deferred tax of £117,356 (2019: £85,573) and borrowings of £1,697,241 (2019: £1,622,268), are expected to result in cash outflow within six months of the year end. Borrowings are to be repaid in equal quarterly instalments starting December 2023, with the final payment due in June 2025.

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital downloading and streaming business where the revenue is largely transacted in US\$ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in US\$.

Included in Cash and cash equivalents, Trade receivables and Other receivables is USD\$1,338,739 (2019: USD\$1,107,674) equivalent to £1,033,775 (2019: £856,285) and Euro 31,563 (2019: Euro 18,785) equivalent to £28,435 (2019: £16,202) payable in Euro. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/over statement of assets of £118,023 (2019: £96,943).

Included in Accruals & deferred income and Other payables is USD\$6,939 (2019: USD\$446,558) equivalent to £5,358 (2019: £345,211) payable in USD\$. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/overstatement of liabilities of £595 (2019: £38,357).

22. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2020 nor 31 October 2019, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.

At 31 October 2020 the principal operating subsidiary One Media iP Limited owed the Company £7,400,705 (2019: £7,614,012). No formal inter-company loan agreement is in existence between the Company and its

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2020

22. Related party transactions - continued

subsidiaries. During the year the Company made a management charge of £238,511 (2019: £318,448) against One Media iP Limited and received a dividend of £350,000 (2019: £300,000).

23. Post balance sheet events

On 9 November 2020 the Company announced that it has incorporated a new subsidiary, TCAT Limited, and appointed an experienced management team for its Technical Copyright Analysis Tool ("TCAT"). The Company's consideration in the new subsidiary was £971,679, which was by way transfer of its investment as at 31 August 2020.

On 18 January 2021 the Company announced that it acquired the producer royalties of a selection of tracks by one of the most renowned pop groups in the United Kingdom, Take That, from Ian Levine, British songwriter, producer and DJ.

On 25 January 2021 the Company announce that it received notification from Michael Infante, Chief Executive Officer of the Company, to exercise 500,000 options over ordinary shares at an exercise price of 2.75p each pursuant to the share options granted on 7 March 2011.

On 28 January 2021 the Company announced that it will launch a new Men & Motors TV channel to be hosted by Shane Lynch, best known as a member of Boyzone, and Torie Campbell, best known for fronting 'One Second in F1 Racing'. The channel, which will deliver an additional income stream for One Media from advertising revenue (ad-funded) and sponsorship, will air the best shows from its comprehensive archive of 3,400 automotive videos in a new on-demand format to engage the next generation of car enthusiasts.

On 10 February 2021 the Company announced that it has acquired the licensor's share of the royalties to the 21 Vision catalogue of rights, which contains over 2,000 recordings from some of the all-time music greats from over the last seven decades.