

16 August 2021

This announcement contains inside information

Future plc

Acquisition of Dennis

Future plc (LSE: FUTR, “Future”, the “Group”), the global platform for specialist media, is pleased to announce the acquisition of Dennis, a leading consumer media subscriptions business, which includes trusted Wealth, Knowledge and B2B technology specialist titles such as, Kiplinger, MoneyWeek, The Week & IT Pro, from Exponent Private Equity LLP (“the Vendors”, or “Exponent”).

The acquisition, which is expected to be materially earnings enhancing, is for a purchase price of approximately £300m, funded using the Group’s existing debt facilities.

The titles being acquired by Future are: The Week UK / The Week US, The Week Junior UK / The Week Junior US, MoneyWeek, Kiplinger, Science & Nature, IT Pro, Computer Active, PC Pro, Minecraft World, and Coach.

The four titles not being acquired by Future - Viz, Fortean Times, Cyclist and Expert Reviews - will be retained by the Vendors.

Strategic rationale

1. Scale the Group’s ‘Wealth’ vertical

- The acquisition’s trusted brands including MoneyWeek and Kiplinger provide a highly complementary and scale presence in this vertical both in the US and UK, enhancing the Group’s ability to broaden its monetisation channels.
- The Group will be able to leverage its technology platforms for advertising and eCommerce and centres of excellence to the acquired brands.

2. Further diversify the Group’s revenue by materially increasing the Group’s recurring revenues through subscriptions

- Subscriptions represent 75%¹ of Dennis’ revenues, driving stable, long-term customer retention.
- Dennis’ subscription conversion engine will strengthen the capability across the wider group and add further expertise in pricing and yield management.
- Subscriptions provide additional data enrichment through highly qualified first party data in both the US and UK.

3. Further extend the Group’s reach in the North American market

- Future’s existing brands currently reach 1 in 3 people online in the US.
- c.56% of revenue¹ from Dennis is generated in the US, bringing further geographic revenue diversification to the Group.

4. Deepen the Group’s existing presence in the ‘B2B Pro Technology’ vertical

- The acquisition of Dennis includes a number of smaller specialist titles, including IT Pro, diversifying the Group’s proposition in the B2B Pro Technology segment while also scaling the Group’s lead generation capabilities.

5. Enhance the Group’s ‘Knowledge’ vertical with high subscription rates and growth potential

- As trusted brands with strong retention and growth rates, The Week UK, The Week US, The Week Junior UK, The Week Junior US and Science & Nature will add over 700,000 subscribers to the Group.
- The Group will continue to operate a one platform approach to technology, which we believe will create opportunities for Dennis' brands as we migrate to our platforms and operating model, including eCommerce opportunities.

Financial highlights and transaction structure

Dennis demonstrated strong growth in its financial year to 31 December 2020, reporting revenue of £104.8m¹, up 12% on 2019, and adjusted EBITDA of £20.0m¹, up 14% on 2019. This growth has continued into 2021 with revenue growth of 16% in the twelve months ended June 2021. Gross assets as at 30 June 2021 were £210m.

The acquisition is expected to be materially earnings enhancing in the first full year of ownership with ROIC expected to exceed the Group's WACC within the first full year of ownership.

Expected cost synergies are £5m per annum, to be achieved by FY2023. They represent 25% of Dennis' FY2020 EBITDA.

The purchase price of approximately £300m is to be satisfied in cash on completion (expected on 1 October 2021), subject to normal closing adjustments. Under the terms of the acquisition, the Vendors have agreed to pay Future a minimum of £8m and a maximum of £10m within 12 months of completion.

The acquisition is being funded via the Group's debt facility, which was increased to £600m in July 2021 via an amend and extend exercise. The amended facility, which remains at competitive market rates, comprises:

- a three year £400m RCF
- a £200m Term Loan repayable in instalments commencing in March 2022 and ending in June 2023

The Group expects to rapidly de-lever below 1.5 times after completion.

Completion of the acquisition is conditional upon, among other things, expiration of the applicable waiting period under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"). The transaction is being effected through the acquisition of Broadleaf Newco 2 Limited which will be the parent company of Dennis on completion. If there are any reasons as to why the acquisition cannot be completed as a matter of law by 1 November 2021, the Vendors have the right to terminate the transaction at that time. If this termination right is not enforced at that time, the transaction is subject to a long-stop date of 30 June 2022.

Zillah Byng-Thorne, CEO of Future, said:

"I am delighted to announce the acquisition of a high-quality portfolio of Dennis' trusted brands that will accelerate our strategy, enhance our content capabilities and bring additional geographical and vertical revenue diversification, whilst materially increasing the proportion of recurring revenues across the Group.

"The materially earnings enhancing acquisition is highly complementary to our longstanding 'US first' mindset and provides an attractive opportunity to scale our recently created 'Wealth' vertical, whilst diversifying our presence in our 'Knowledge' and 'B2B Pro Technology' verticals.

“I look forward to welcoming our new colleagues to Future, and to continuing the successful execution of our strategy to generate long-term sustainable growth and attractive returns for our shareholders.”

James Tye, CEO of Dennis, said:

“In the three years that the business has been owned by Exponent, Dennis has been on an incredible growth journey, delivering double digit increases in subscription revenues, a greatly increased US footprint; and significant bottom-line increases. This is a testament to the talented team at Dennis who have helped make all of this happen.

“We look forward to working with the team at Future to continue growing the reach, influence and value of all our key brands and businesses.”

Presentation

A pre-recorded presentation and a live Q&A session for analysts and investors will be held at 08.00 am (UK time) today at <https://us02web.zoom.us/j/85061907885>

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

A recording of the webcast will also be made available on our website.

- End -

Enquiries

Future plc

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About Future

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

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

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

About Dennis

Dennis is a leading consumer media subscriptions business based in London, New York and Washington DC. Operating across the Current Affairs and Personal Finance verticals in the UK and US, the portfolio is centred on The Week, The Week Junior, MoneyWeek and Kiplinger brands.

Exponent recently separated Autovia, a market leading automotive content and eCommerce platform, from Dennis. Following the sale of Dennis to Future, Autovia will remain as an Exponent backed company.

Dennis is led by its CEO, James Tye, who will remain with Dennis following completion and as part of the Future Group.

Note

¹ Financial information is included on a carve-out basis and reflects the assets to be acquired by Future. This information is unaudited and based on management accounts. The underlying financial information relating to the assets to be acquired was audited in FY 2020 as part of the audit process of the parent company Broadleaf Topco Group (consisting of the Dennis brands as well as The Carve Out Titles and Autovia which are not within the transaction perimeter).

Legal Entity Identifier (LEI): 213800K2581YRLEXV353

Important notices

Important information relating to the sole financial advisor

Numis Securities Limited ("Numis"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Future as joint financial advisor and corporate broker, and for no one else, in connection with the acquisition and related matters and will not be responsible to anyone other than Future for providing the protection offered to clients of Numis or for providing advice in relation to the acquisition, and related matters, the contents of this announcement or any transaction, arrangement or other matter referred to in this announcement.

Important information regarding forward-looking statements

This announcement contains statements which are, or may be deemed to be, "forward-looking statements"; which are prospective in nature. All statements other than statements of historical fact

are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “Plans”, “expects”, “expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “goals”, “intends”, “anticipates”, “believes”, “targets”, “aims” or projects”. Words or terms of similar substance or the negative thereof, are forward-looking statements, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements include statements relating to: (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Company’s operations; and (c) the effects of global economic conditions on the Company’s business. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company to differ materially from the expectations of the Company, include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and changes in regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors. Such forward-looking statements should therefore be construed in light of such factors. Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, Market Abuse Regulation and the Disclosure Guidance and Transparency Rules), the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.