

10 October 2023

Reach plc ("The Company") Q3 Trading update for the 3-month period to 24 September 2023

**Full year profit expectations unchanged**

	<b>Q3 YOY %</b>	<b>9 Months YOY %</b>
Digital revenue	(13.7)	(15.2)
Print revenue	(5.8)	(3.8)
- <i>Circulation revenue</i>	(3.3)	0.4
- <i>Advertising revenue</i>	(8.9)	(15.7)
<b>Group revenue</b>	<b>(7.8)</b>	<b>(6.6)</b>

The factors affecting Q3 digital revenue are unchanged from those outlined in our half year results. These include depressed open market yields and the well-publicised declining digital referral volumes, in particular from Facebook's de-prioritisation of news. As a result over the nine-month period, year-on-year page views declined 21%. Data driven revenue,<sup>1</sup> which is higher value and more targeted, continues to be robust and now makes up a larger part of digital revenues at 42%. (FY 2019 - 24%)

In print, circulation revenue has grown marginally over the first 9 months of the year. This remains a resilient and predictable revenue stream as we actively mitigate the expected volume decline. Last September 2022 saw modest advertising activity following the Queen's death, excluding this one-off factor the quarter would trend in line with the 9-month movement. Brands continue to value advertising to our substantial customer base.

**Capital reduction**

The Company announces that it will in due course be posting a circular to shareholders (including notice of general meeting) in connection with a proposed capital reduction of £605.4m. This is conditional upon the approval of the Company's shareholders and by the High Court of Justice in England and Wales. The Capital Reduction will not involve any return of capital or payment to shareholders but will create additional distributable reserves.<sup>2</sup>

**MGN Pension scheme resolution**

We are pleased to report that we have now concluded the 2019 triennial valuation for the MGN scheme, and at the same time concluded its 2022 triennial valuation. The funding valuation of the MGN scheme at 31 December 2022 showed a deficit of £219.0m. This deficit is expected to be removed via a schedule of contributions that includes annual payments of £46.0m pa from January 2023 until January 2028. The previous schedule of contributions for the MGN scheme included payments of £40.9m pa from 2023 to 2027<sup>3</sup>. Discussions are ongoing with the Group's other schemes in relation to the 2022 triennial valuations and are expected to be concluded satisfactorily by the 31 March 2024 due date.

**Outlook**

We remain confident of meeting profit expectations for the full year.<sup>4</sup> We do not anticipate the market backdrop to change materially in the near term and as a result we remain focused on the areas within our control; improving customer engagement, diversifying revenues and driving efficiencies. Our plans to reduce full year operating costs by 5-6% remain on track. We expect a High Court judgement on time limitation relating to historical legal issues in the next few months.

**Jim Mullen** Chief Executive

*"This quarter we see continued evidence that our data driven strategy is working, supported by our resilient print business. Through this challenging period we have remained focused on the controllables. We are delivering our Customer Value Strategy and have made progress diversifying our audience. We continue to review our cost base so that we can accelerate our digital transformation."*

**Notes**

- 1 Includes revenue from advertising activity which utilises data generated via registrations, audience behavioural or Mantis contextual. It also includes other strategically driven revenues, less dependent on audience volumes such as affiliates, partnerships and ecommerce.
- 2 This change will result in £605.4m cancellation of the Company's share premium account and the creation of distributable reserves of the same amount.
- 3 Previous MGN schedule of contributions disclosed in the Half year report - 25 July 2023.
- 4 Market expectations compiled by the Company are an average of analyst published forecasts - consensus adjusted operating profit for FY23 £95.0m.

## Enquiries

### Reach

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### About Reach

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**LEI:** 213800GNI5XF3XOATR61

**Classification:** 3.1 Additional regulated information required to be disclosed under the laws of the United Kingdom

The information in the section of the announcement headed "MGN Pension scheme resolution" in relation

to the conclusion of the 2019 and 2022 triennial valuations for the MGN scheme is inside information disclosed under article 7 of the Market Abuse Regulation.

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