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05 March 2024

Reach plc ("The Company") Full Year Results - 53 weeks to 31 December 2023

5 March 2024

FY23 Progress on our digital strategy, long-term uncertainties resolved

Jim Mullen Chief Executive

"This year we have successfully gained clarity on two significant long-term uncertainties in pension funding and Historical Legal Issues. With the end of these issues in sight, we have significantly reduced our obligations and have a clear path forward for the business.

"The success of our strategy also came to the fore this year. Despite the macroeconomic pressures, we have continued to build a stronger digital business with an increasing portion of much higher yielding revenues, reducing our reliance on the open market. At the same time, we have expertly managed our print business, maintaining circulation revenues as well as delivering necessary cost and efficiency plans across the Group.

"Together, all of these actions have put our business in a stronger position, so that we can continue to deliver great content to our audiences as well as returns for our shareholders."

Capital allocation priorities unchanged with commitments unwinding

- After a number of years, the 2019 and 2022 Pension Triennial valuations are concluded. There is an agreed pathway to fully funding the schemes and from 2028 pension commitments are expected to reduce by c.£40m[(1)]
- December's High Court judgment provides a resolution on time limitation for Historical Legal Issues. This means that a significant number of outstanding claims can be resolved, and this should largely bring an end to future claims. The expected cost of settling has reduced by £20.2m
- Continued strategic investment with a focus on digital capabilities, digital infrastructure and the US operations, including the launch of Mirror and Express '.com' websites
- Final £7.0m deferred consideration in respect of the Express & Star acquisition has been paid
- Full year dividend maintained at 7.34p reflecting the Board's confidence in the business model and understanding of the importance of dividends to shareholders

Results overview

Data-led outperformance improves digital revenue resilience despite sector decline in page views

Financial Summary[(2)]

53 weeks to 31 Dec 2023		**Adjusted results[(3)]**			**Statutory results**		
		2023	2022	Change	**2023**	2022	Change
Revenue	£m	568.6	601.4	(5.4)%	568.6	601.4	(5.4)%
Operating profit	£m	96.5	106.1	(9.0)%	46.1	71.3	(35.3)%
Operating profit margin	%	17.0%	17.6%	(0.6)%	8.1 %	11.9%	(3.8)%
Earnings per share	Pence	21.8	27.1		6.8	16.8	
Net (debt)/cash [(4)]	£m	(10.1)	25.4		(10.1)	25.4	
Dividend per share[(5)]	Pence	7.34	7.34		7.34	7.34	

- Revenue declined 5.4% to £568.6m, Print revenue of £438.8m (FY22: £448.6m) down 2% and Digital revenue of £127.4m (FY22: £149.8m) down 15%
- Strong print circulation performance £312.5m (FY22: £307.7m) - revenue up by 2% and volumes in line with our historical print volumes. Print advertising declined by 12% to £76.6m (FY22: £86.9m), outperforming volume trends
- Data-driven digital revenues down 4% (FY23: £55.3m), continue to outperform the market driven by a material increase in yields and now represent 43% of total digital revenues (FY22: 38%)
- Other digital revenues which includes open market programmatically driven advertising declined by 24% due to the sector-wide decline of platform referred traffic to newsbrands (down 24%) alongside declining open market yields (down 25%)
- As committed to at the start of 2023, we delivered our cost programme and improved efficiency reducing operating costs by 5.7% on a like-for-like basis to £469.5m
- Maintained our strong adjusted operating profit margin of 17.0% (FY 2022: 17.6%)
- Highly cash generative with adjusted operating cash flow of £91.9m (FY 2022: £92.1m)[(6)] and closing net debt of £10.1m

FY24 Outlook - On track to deliver market expectations

We remain focused on delivering our Customer Value Strategy and the areas within our control, building a more resilient growing digital business and delivering efficiencies. The sector-wide decline in referral traffic will impact Q1 2024 and we expect growing momentum across our digital business thereafter. As previously announced, we have made our operations better aligned to the digital world and are on track to deliver a reduction in full-year operating costs of 5-6% for 2024. Trading performance across the first two months of 2024 has been robust, with print advertising and digital performing well and we are on track with our full year outlook but we continue to operate in an uncertain macroeconomic environment.

Q4 Trading, factors impacting performance unchanged

2023 Like for like (2)	Q1 YOY %	Q2 YOY %	Q3 YOY %	Q4 YOY %	Q4 LFL YOY %	FY YOY %	FY LFL YOY %
Digital Revenue	(13.4)	(18.7)	(13.7)	(14.2)	(15.0)	(15.0)	(15.2)
Print Revenue	(3.0)	(2.5)	(5.8)	2.4	(2.8)	(2.2)	(3.5)
• *circulation revenue*	2.6	2.2	(3.3)	5.1	(1.1)	1.6	0.0
• *advertising revenue*	(21.1)	(15.7)	(8.9)	(1.5)	(5.6)	(11.9)	(13.0)
Group Revenue	(5.6)	(6.5)	(7.8)	(2.0)	(6.0)	(5.4)	(6.5)

The factors affecting Q4 digital revenue include the well-publicised declining digital referral volumes alongside some the volatility from a higher than usual high number of Google core updates. As a result over the year, year-on-year page views declined 24%. Data driven revenue, which is higher value and more targeted (than open market), continues to outperform and now makes up a larger part of digital revenues at 43% (FY 2019 - 24%).

In print, circulation revenue is down slightly, remaining a resilient and predictable revenue stream. The volume decline is actively managed alongside circulation and cover price increases.

Notes:

(1) The estimated committed pension payments are based on the current funding schedule and are subject to future valuations and movements in the underlying assets and liabilities.
(2) The results have been prepared for the 53 weeks ending 31 December 2023 and the comparative period has been prepared for the 52 week period ending 25 December 2022. The revenue and costs have been adjusted to show the numbers on a like for like basis, the additional week added £6.2m to revenue and £0.8m to operating profit.
(3) Set out in note 20 is the reconciliation between the statutory and adjusted results.
(4) Net debt balance comprises cash and cash equivalents of £19.9m (inclusive of £0.9m restricted cash) less bank borrowings of £30m but excludes lease obligations (note 16).
(5) Full year dividend of 7.34 pence per share comprised interim dividend of 2.88 pence per share and proposed final dividend of 4.46 pence per share.
(6) Adjusted cash flow is presented in note 21 which reconciles the adjusted operating profit to the net change in cash and cash equivalents. Note 22 provides a reconciliation between the statutory and adjusted cash flows.
(7) Market expectations compiled by the company are an average of analyst published forecasts - consensus adjusted operating profit for FY24 is £97.4m.

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About Reach
We're Reach plc, the UK's and Ireland's largest commercial news publisher. We're home to more than 120 trusted brands, from national titles like the Mirror, Express, Daily Record and Daily Star, to local brands like MyLondon, BelfastLive and the Manchester Evening News, to our recently launched U.S. titles. Every month, 47 million people come to us, via print and online, for trusted news, entertainment and sport.

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

Jim Mullen, Chief Executive Officer and Darren Fisher, Chief Financial Officer will be hosting a webcast at 9:00am (UK) on 5 March 2024. It will be followed by a live question and answer session. The presentation slides will be available on www.reachplc.com from 7.00am (UK).

You can join the webcast to watch the presentation or listen to the Q&A via the following weblink, which you can copy and paste into your browser: https://edge.media-server.com/mmc/p/q6sqyveg

To participate in the Q&A session and register to ask a question, please access the following weblink and register your details. https://register.vevent.com/register/BI461ede9e33b144b29446ae2b5214a8dd

Please try to allow at least 10 minutes prior to the start time to provide sufficient time to access the event.

Forward looking statements

This announcement has been prepared in relation to the financial results for the 53 weeks ended 31 December 2023. Certain information contained in this announcement may constitute 'forward-looking statements', which can be identified by the use of terms such as 'may', 'will', 'would', 'could', 'should', 'expect', 'seek, 'anticipate', 'project', 'estimate', 'intend', 'continue', 'target', 'plan', 'goal', 'aim', 'achieve' or 'believe' (or the negatives thereof) or words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of management of the Company (including, without limitation, during management presentations to financial analysts) in connection with this announcement. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, changes in global or regional trade conditions, changes in tax rates, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risks, assumptions and uncertainties that could cause actual events or results or actual performance or other financial condition or performance measures of the Company to differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this announcement and the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information or to reflect any change in circumstances or in the Company's expectations or otherwise.

Chief Executive's Review

A path to progress

2023 was far from a straightforward year, but it was an important and necessary one for the business. We can now look to the future having removed several long-term uncertainties and delivered market expectations, while also having progressed our Customer Value Strategy (CVS) and more firmly pointed the business towards our digital audiences.

Much of this progress was several years in the making, for example the preparation that supported us in 2023's trial around several long-standing historical legal issues. While confronting the past in this way is not easy, the resulting judgment on time limitation for future claims around historical legal issues means that a significant number of outstanding claims can be resolved, and this should largely bring an end to future claims.

We also took decisive action to resolve the outstanding pension funding valuations, which has similarly given us a firm end in sight for an obligation that has hindered this organisation for several decades. Together these two achievements give the business much-needed financial clarity and allow us to plan for the future with far greater certainty.

Throughout the year, we made significant progress in becoming a data-driven, digitally-focused business, supported by a predictable and reliable print business.

The average revenue (RPM) we generate from our digital page views is now up over 10% from last year, not something I take for granted against a challenging backdrop. While we have seen yields decline in our open market programmatic advertising, we have been able to add increased value by growing non-advertising revenue streams like ecommerce, affiliates and partnerships, reinforcing the benefit of our Customer Value Strategy (CVS). Crucially this has reduced the impact from the industry-wide decline in referral traffic, a trend that we have long expected - albeit not as quickly and severely as it came - and which CVS was always intended to mitigate.

We continued our transformation in the year, taking action to ensure that our cost base reflects the economic environment in which we operate, and to enable us to become a digital-first organisation. To achieve this, we needed to reduce the size of some of our teams. This is not a decision I or my management team take lightly. However, recent trends have only reinforced our belief that we must be willing to make big changes to exert more control over our own destiny and protect our brands in the long term.

The strong yield performance and efficient management of our cost base meant we delivered a sustainable operating margin of 17%, broadly in line with last year and giving us a strong foundation for 2024.

A fast-changing environment

We operate in a dynamic, competitive and constantly evolving market and 2023 was no exception. The period of economic volatility that began in 2020 has continued to impact the market, placing pressure on advertising spend and inflating costs for both businesses and consumers. Throughout the year, our entire industry saw a fall in referral traffic from tech platforms and we were not immune from that. Facebook, one of our largest traffic referrers, has shifted away from news content and we have contended with numerous Google core algorithm updates, each one requiring us to pivot on how we deliver content to our audiences.

These changes have impacted our organic search traffic and therefore our growth in the near term, with page views down 24% versus last year, in line with the wider news publishing market. Despite the decline in volume, our commercial teams have expertly traded the value of our content and ad space, capitalising on our Customer Value Strategy progress to drive our revenue.

Telling the stories that matter

It's clear that audience behaviour and digital trends can shift rapidly, but what remains constant is our core purpose to enlighten, empower and entertain our mainstream audiences, wherever they might find us. Great content will always be at the heart of our business and this year our teams produced an abundance of it. The editorial highlights that come to mind for me personally include the Sunday Mail's exclusive scoop on the SNP scandal, the Mirror's campaign for free school meals which so far has seen Sadiq Khan announce free hot meals for all primary pupils, and the Express's campaign calling for the Government to invest more in radiotherapy and increase services for cancer patients.

Meanwhile, the Manchester Evening News' award-winning Awaab's Law campaign has made its way through Parliament and will change many people's lives for the better.

And while it's always an honour to watch everyday heroes at the Mirror's Pride of Britain Awards, in 2023 it was particularly inspiring to see members of the Windrush generation be recognised for their outstanding contribution to British life since the first passengers on that vessel arrived 75 years ago.

These highlights all wield the power and impact they do precisely because of our wide reach, with our scale and editorial purpose working hand in hand. Despite the challenges of the business environment, Reach remains the largest publisher in the UK and Ireland, and continues to command the sixth largest digital audience of any UK business, reaching 36m adults digitally every month which is 72% of the online population. Our transformation actions in 2023 will ensure the continuation of our core purpose into 2024 and beyond.

Enhancing resilience and efficiency

Our print business continues to generate strong returns, despite the falling demand across the sector. Our experienced circulation teams use decades of data to expertly inform our approach to price increases and availability, both of which are critical to underpinning sales volumes. We maintain a track record of effective cost management and are constantly reviewing and making changes to our supply chain, optimising distribution and right-sizing our property footprint.

Across the business, we successfully delivered a 5.7% reduction in operating costs (on a like-for-like basis), against the 5-6% reduction we targeted at the start of the year. As announced in November 2023, to set ourselves up for success in 2024 we have committed to and already started to deliver a further 5-6% reduction in our operating cost base. In the wider industry context, with many organisations now making similar decisions to those we took in late 2023, we believe our early action demonstrates responsible foresight and planning.

As labour represents our single largest cost, there is no getting away from the fact that we have had to reduce the size of our teams to save cost and re-shape for the future. I do not underestimate the impact of these decisions on all of our people. With that in mind I committed to working through them with fairness and integrity, and to communicating openly throughout. During this period, I led a programme of small group discussions and town hall meetings with leaders and colleagues, to share updates, provide important context about the need for change, and facilitate open dialogue. Honest colleague communication remains something that I'm passionate about and committed to investing time into, all year round.

Our emphasis on efficiency goes beyond traditional cost-cutting measures as we must also organise our ways of working to put ourselves in the best position to achieve our strategic aims and accelerate our journey to being a digital-first content organisation. As part of this work we created the Reach Studio team, which pools all of our video and audio talent in one super team that will provide multimedia content for both editorial audiences and commercial partners, maximising the value for both.

Progressing our strategic priorities

During volatile times it is all the more important to pursue a strategy that gives us greater long-term stability and control over our business.

Over the year, our Customer Value Strategy (CVS) continued to progress on key metrics. Against falling referral traffic, we continued to grow our yield or RPM (+11% from 2022), an increasingly important metric as we focus on controlling digital revenue.

We also see that as a result of our CVS progress, the return on data-driven advertising is currently 10 times more valuable than volume-related programmatic advertising returns. These figures demonstrate that whatever market trends may come, we are able to consistently adapt to optimise the value of our content, data and audience.

Our commercial activity continues to be led by data, while focusing on direct customer relationships and more diversified revenues that support higher-quality digital earnings. These efforts are reflected in our mix, which is now made up of 43% of digital revenues generated by data-driven, higher value and better performing advertising, a trend which will continue.

Part of the strategy has been to strengthen and expand our audience base with key demographics and into valuable regions. In 2023 we successfully launched three '.com' websites from a new US operation, which by the end of the year were regularly attracting an audience of a million a day.

Additionally, we have worked to secure our audience, which will make us less vulnerable to changing tech platform algorithms and better able to directly engage with our millions of customers and drive them to our content. There have been several initiatives on this front, including an award-winning project to reach people via WhatsApp Communities and Channels, through which we reach more than 1.65m people directly as of February 2024.

One early standout in this area is our Arsenal channel which sends multiple stories a day directly to over 600k people, making it the biggest Arsenal channel in the world. Through work like this we are able to speak to our audiences on our own terms and ensure that our great content reaches them.

Our tech and commercial teams have played a key role in supporting our discoverability challenge, further developing in-house recommender tools powered by AI that point readers to content we know they'll be interested in. One of these tools alone has reduced customer bounce rate by over 10% and generated 2bn page views through the year. Our in-house first-party data capabilities, in particular our proprietary Mantis tool, will stand us in good stead as Google continues to phase out third-party cookies, a process we have now seen beginning in 2024. This will be a major shift in the landscape for publishers and advertisers, who for years have depended on third-party data to target their advertising. We will be significantly ahead of the curve on this front, with 12.3m registered customers, of which approximately 4m are active over each four-week period, and advanced capability to effectively place advertising using contextual targeting.

We have further strengthened our position by growing our revenue streams outside traditional advertising revenue, with important work being done with affiliates and ecommerce. It's great to see the continued success of the OK! Beauty Box, which we launched in late 2020 as one of our first Customer Value Strategy initiatives, and now has c.12k paying subscribers.

Our goal with this work is not to replace our business model but to continuously evolve, strengthen and broaden it, and to give our audiences more choice about how they engage with our content.

Resolving long-term uncertainties

For several years now, the leadership team and I have been working to resolve a number of long-standing hurdles facing this business. Over the past months I am proud to say we have made real headway in clearing these.

Ahead of 2023 we took the decision to go to trial to achieve greater certainty around the future impact of long-standing historical legal issues. The judgment we received in December set out very clear parameters on time limitation which enables us to draw a line under these issues. Simply, this means we now have a much clearer view on the estimated cost of resolving these long-standing issues and, crucially, these costs are expected to be materially lower than our previous estimates.

Over the last four years we had not been able to come to an agreement with the MGN Pension Trustees on the 2019 triennial valuation. I cannot overstate the importance of having successfully concluded both the 2019 and 2022 triennial pension reviews for the MGN pension scheme. Agreement with our other schemes is also expected to be completed by the 31 March 2024 due date. This provides much needed clarity on the scale of our funding obligations, which are scheduled to materially step down in early 2028.

These developments will both benefit the wider business and enable better planning for our future. Thank you to all the teams who have been involved in bringing these matters to a close.

Exploring AI as a tool

At the start of 2023 the conversation around how businesses and media organisations use AI was only beginning to take shape. Our editorial leaders created a cross-functional workstream to manage this complex issue, exploring the many opportunities while also gaining a firmer understanding of the risks. Their primary focus has been to test tools that help journalists to tell their stories more quickly and effectively. As a result of this work, the team has identified several areas with strong potential, such as spotting trends and analysing large volumes of data.

We have steadily increased our use of AI through the year, while carefully controlling its roll-out, and by the end of 2023 over a dozen newsrooms were set up to use an AI tool to support their work. As we continue to test AI's potential, we ensure that every story is edited and approved by a journalist, maintaining our commitment to responsible journalism.

Fighting our case

I have also been putting our case to political decision-makers, ensuring that those in power and in opposition understand the issues facing Reach and the entire media industry. The stakes are high and I have had many encouraging discussions this year on the crucial questions that will decide the future of journalism in this country, such as: how can tech platforms work fairly with the media to support a free press and functioning democracy?

2023 marked my last year as chair of the NMA (News Media Association), but I will continue to discuss these vital issues in 2024 with our legislators, particularly as we watch the Digital Markets Bill progress through Parliament.

Looking after our people and our future

All of this progress is made possible by our talented and passionate colleagues in all departments. We have made many necessary changes to our teams this year but I remain committed to retaining and developing the great people who are shaping the future of this business.

Developing our teams is just one pillar of our formalised responsible business framework, now one year in. We continue to prioritise becoming a more inclusive organisation, and in 2023 were once again recognised by Inclusive Companies with our highest ranking yet and testament to the dedication of many people here. We're also working to protect all our futures through our environmental efforts, which continued to progress this year as we implemented the systems and gathered the data that will inform our path to net zero.

Looking ahead

2023 was a critical moment for this business, allowing us to put several significant issues in the past and to focus instead on looking forward, and I am confident that we are now well positioned to take on the future.

As always, there are challenges ahead. The macro environment is unlikely to provide much relief over the near term and we are working to secure our audience and build our data-driven digital business. This will be achieved through small incremental gains and by continuing to build direct relationships with our audiences.

Our industry has a history of change and the future will undoubtedly see yet more. That's why it's essential we set ourselves up to win by making our operations suited to an increasingly fast-paced, competitive and digital world.

Jim Mullen

Chief Executive Officer

5 March 2024

Financial Review

Building long term resilience

Looking back over the year, we have made demonstrable progress to ensure the business is more resilient and able to continue its digital transformation. During a year of macroeconomic uncertainty and some significant shifts across the media sector, we delivered a resilient financial performance and made significant progress in resolving the long-standing uncertainties.

We concluded the 2019 triennial valuation, along with the 2022 valuation, for the MGN pension scheme, and have subsequently reached agreement in principle with our other schemes and are expected to be concluded satisfactorily by the 31 March 2024 due date. This provides a clear view of our future pension commitments which will materially step down from the current rate of £60.0m in 2028.

In December, the High Court's judgment on the Group's historical legal issues (HLI) provided clarity around time limitation. This has resulted in a material reduction in the cost of settling outstanding claims and should largely bring an end to future claims. This has led to a £20.2m year-on-year release in the HLI provision. We expect the majority, if not all, of the issued claims to be resolved during 2024 and 2025 which is a much shorter time frame than previously anticipated. Resolving these two matters has reduced uncertainty and allows us to plan more effectively for the long term.

The macroeconomic environment in 2023 impacted advertising spend, and there was a material step down in digital referral traffic from major platforms such as Facebook, which has deprioritised news content. This has driven a 24% year-on-year decline in digital page views, which alongside depressed open market yields (year on year decline 25%), adversely impacted digital revenue, which declined by £22.4m or 15% to £127.4m in 2023.

Conversely, our data-driven revenues performed robustly, only declining 4% year-on year, to now represent 43% of digital revenues (2022: 38%). To compensate for the industry headwinds we took clear actions to continue to diversify our digital revenues and trade our digital assets harder. We prioritised areas within our Customer Value Strategy which are higher yielding and within our control. As a result revenue per thousand pages (RPM) across our digital estate increased by 11%. These actions have resulted in improved resilience, with areas of strong growth including curated marketplaces, ecommerce and affiliates.

We continued to invest in our digital expansion. We launched our three US-based sites, invested in Curiously, our social-first, video-focused brand, and invested in new products to develop our curated marketplace capability.

The print business remained robust and delivered £438.8m (2022: £448.6m) of revenue, representing just over 75% of the Group's revenue with a strong performance in circulation and print advertising. The teams have access to a significant amount of data which has built up over many years and this is used to determine optimal levels of availability and cover price increases. These dynamics have offset the volume decline with circulation revenue growing 1.6%. Print advertising declined by £10.3m, or 11.9% year-on-year; this was a solid performance, outperforming volume trends which were down 17% year-on-year.

Focus on efficiency

Through our cost action plan we continue to focus on efficiency, setting up our operations to adapt and thrive in a fast-paced and competitive digital landscape. At the start of the year we committed to reducing total operating costs by 5-6%, and on a 52 week like-for-like basis we achieved a 5.7% reduction. Inflation moderated through the year following the material increase in the cost of newsprint in 2022, some of which unwound in 2023. Overall newsprint costs reduced by 21%, mainly driven by the decline in production volumes. We have implemented restructuring and efficiency programmes and as part of these, headcount has reduced by 14% over the year. Our largest operating cost, labour, reduced by 5% year-on year. Together these actions have driven higher levels of efficiency, protecting the strong operating margin of 17% and mean we are better positioned for the long term.

Strong balance sheet

The Group has a robust balance sheet with a closing cash balance of £19.9m, and net debt of £10.1m (inclusive of £0.9m restricted cash). The Group has £30.0m drawn down on its revolving credit facility. The Group's revolving credit facility of £120.0m is in place until November 2026.

Cash management remains a priority. Group cash conversion was strong at 95% supported by efficient working capital management. Pension scheme contributions during the year were £60.0m, HLI claim settlements totalled £4.6m and we incurred £18.8m of restructuring payments. Together these non-operating cash outflows amount to £83.4m.

In December 2023 the Group completed a £605.4m capital reduction, converting the entirety of the share premium account into distributable reserves, which will support the payment of dividends into the future. This did not involve any return of capital or payment to shareholders.

Looking ahead

The strength of our print business underpins the cash generation and profitability of the Group. We will

The strength of our print business underpins the cash generation and profitability of the Group. We will continue to carefully balance cover price increases and availability to deliver a robust circulation performance despite the falling demand for print. Print revenue funds the Group's financial commitments and enables investment as we continue to build our digital business.

This year we will continue to invest in product and new markets including the US and developing the AI-powered Mantis ad tech. We will also increase our use of AI tools to support increased productivity in the newsrooms, under the continued guidance of our journalists.

Across our digital business we continue to build a more sustainable higher-quality digital mix, with 43% of digital revenue now data-driven. The depressed open market yields, compounded by the decline in page views, have reinforced the benefits of our data-driven Customer Value Strategy. This strategy will continue to increase yields and grow data-driven revenues.

As communicated in 2023, we have already actioned a further programme of cost reduction for 2024, which we are confident will support a 5-6% in-year reduction in our operating costs and protect our operating margin. Savings have been generated throughout the business and include further steps in creating a digitally-led editorial business, for example the creation of a single video studio.

Summary income statement

	Adjusted 2023 £m	Adjusted 2022 £m	YOY change %	**Statutory 2023 £m**	Statutory 2022 £m	YOY change %
Revenue	**568.6**	601.4	(5.4)	**568.6**	601.4	(5.4)
Costs	**(475.0)**	(498.1)	4.6	**(523.9)**	(531.5)	1.4
Associates	**2.9**	2.8	3.6	**1.4**	1.4	0.0
Operating profit	**96.5**	106.1	(9.0)	**46.1**	71.3	(35.3)
Finance costs	**(3.5)**	(2.8)	(25.0)	**(9.4)**	(5.1)	(84.3)
Profit before tax	**93.0**	103.3	(10.0)	**36.7**	66.2	(44.6)
Tax charge	**(24.6)**	(18.8)	(30.9)	**(15.2)**	(13.9)	(9.4)
Profit after tax	**68.4**	84.5	(19.1)	**21.5**	52.3	(58.9)
Earnings per share - basic (p)	**21.8**	27.1	(19.6)	**6.8**	16.8	(59.5)

The results have been prepared for the 53 weeks ending 31 December 2023. The comparative period has been prepared for the 52 week period ending 25 December 2022. The additional week contributed £6.2m of revenue and £0.8m of operating profit.

Group revenue fell by £32.8m or 5.4% to £568.6m with print down 2.2% and digital down 15.0%.

Adjusted costs decreased by £23.1m or 4.6% to £475.0m, partially offsetting the decline in revenue. This was driven by the reduction in circulation volumes and a small unwinding of some of last year's newsprint cost inflation, alongside the ongoing cost reduction programme. Statutory costs were lower by £7.6m or 1.4%, with the increase in operating adjusted items of £15.5m (£48.9m in 2023 versus £33.4m in 2022) partially offsetting the reduction in operating costs.

Adjusted operating profit decreased by £9.6m or 9.0% to £96.5m, driven by the decline in revenue partially offset by the savings in costs. The adjusted operating margin of 17.0% in 2023 compares to 17.6% for 2022. Statutory operating profit decreased by £25.2m or 35.3% primarily due to the increase in operating adjusted items which include restructuring charges in respect of cost reduction measures and impairment of the finance lease receivable and recognition of onerous costs following the sub-lessee of a vacant print site entering administration, partially offset with the release of the provision for historical legal issues.

Adjusted earnings per share decreased by 5.3p or 19.6% to 21.8p. Statutory earnings per share decreased by 10.0p to 6.8p, principally due to the decrease in operating profit.

Revenue

	2023 £m	2022 £m	YOY change %
Print	**438.8**	448.6	(2.2)
Circulation	**312.5**	307.7	1.6
Advertising	**76.6**	86.9	(11.9)
Printing	**20.2**	23.1	(12.7)
Other	**29.5**	30.9	(4.5)
Digital	**127.4**	149.8	(15.0)
Other	**2.4**	3.0	(16.9)
Total revenue	**568.6**	601.4	(5.4)

Revenue declined overall by £32.8m or 5.4%.

Print revenue decreased by £9.8m or 2.2% (2022: down 3.5%). Circulation performance was strong with revenue up 1.6% (2022: down 1.7%) driven by carefully considered cover price increases, which were above recent historical levels, offsetting the ongoing decline in circulation volumes.

Print advertising revenue declined by £10.3m or 11.9% (2022: down 15.9%); but outperformed the print volume decline of 17%. During the year the strongest performing sectors for print advertising include food retail, travel, the government and entertainment and media, which is very similar to the prior year.

Print revenue also includes external or third-party printing revenues and other print-related revenues which decreased by £4.3m, or 8.0% (2022: increased 10.4%). These revenues are largely contracted on a cost-plus basis, and reflect the external market demand for print.

Digital revenue decreased by 15.0% to £127.4m (2022: 1.0% increase). Revenue has been impacted by lower advertising demand during a period of macroeconomic uncertainty alongside a material reduction in page advertising demand during a period of macroeconomic uncertainty alongside a material reduction in page views. Major platforms including Facebook have deprioritised news content over the year which in turn has driven a reduction in referral traffic for publishers across the sector. These changes have adversely impacted our revenues which were directly impacted by page view volume. Strategically driven or 'data-led revenues', which are more resilient and higher yielding, performed robustly. Data-driven revenues were £55.3m, down 4.0%, and now represent 43% of digital (2022: 38%).

Costs

	2023 Adjusted £m	2022 Adjusted £m	YOY change %	**2023 Statutory £m**	2022 Statutory £m	YOY change %
Labour	**(223.0)**	(234.7)	5.0	**(223.0)**	(234.7)	5.0
Newsprint	**(59.5)**	(75.4)	21.1	**(59.5)**	(75.4)	21.1
Depreciation and amortisation	**(21.6)**	(20.2)	(7.0)	**(21.6)**	(20.2)	(7.0)
Other	**(170.9)**	(167.8)	(1.9)	**(219.8)**	(201.2)	(9.2)
Total costs	**(475.0)**	(498.1)	4.6	**(523.9)**	(531.5)	1.4

Adjusted costs of £475.0m (2022: £498.1m) decreased by £23.1m or 4.6%. On a 52 week like-for-like basis adjusted costs declined by 5.7%. Labour costs decreased 5% as we implemented our restructuring and efficiency programme with headcount falling by 14% over the year. Newsprint costs reduced from lower volumes, and an unwinding of some of last year's newsprint cost inflation.

Statutory costs were lower by £7.6m or 1.4%, a less significant reduction due to higher operating adjusted items which were £15.5m higher (£48.9m in 2023 compared to £33.4m in 2022).

Operating adjusted items included in statutory costs above related to the following:

	Statutory 2023 £m	Statutory 2022 £m
Provision for historical legal issues	**20.2**	(11.0)
Restructuring charges in respect of cost reduction measures	**(26.9)**	(15.5)
(Impairment of sublease)/sublet of closed print plant	**(19.4)**	16.6
Other property-related costs	**(8.0)**	(4.6)
Pension administrative expenses and past service costs	**(5.5)**	(14.8)
Other items	**(9.3)**	(4.1)
Operating adjusted items in statutory costs	**(48.9)**	(33.4)

The Group has recorded a £20.2m decrease (2022: £11.0m increase) in the provision for historical legal issues relating to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering. This material reduction is driven by the judgment handed down during December 2023 in respect of test claims. As a result of the ruling, all claims issued after 31 October 2020 are now likely to be dismissed other than where individuals can demonstrate specific exceptional circumstances, and therefore this has significantly reduced the amounts that are expected to be paid out.

Restructuring charges of £26.9m (2022: £15.5m) principally relate to cost management actions taken in the period.

Following the sublet of the vacant print site during 2022 which resulted in the reversal of an impairment in right-of-use assets of £11.0m and previously onerous costs of the vacant site of £5.6m, the sub-lessee entered into administration during 2023. As a result, the corresponding £10.8m finance lease receivable has been impaired along with the subsequent recognition of onerous costs of £8.6m of the vacant site during the period.

Other property-related costs comprise the impairment of vacant freehold property costs (£4.3m), vacant freehold property-related costs (£1.4m) and onerous lease and related costs (£2.6m) less the profit on sale of assets (£0.3m). In 2022, other property-related costs related to the impairment of vacant freehold property (£4.2m) and plant and equipment (£0.8m) less the profit on sale of impaired assets (£0.4m).

Pension costs of £5.5m (2022: £14.8m) comprise pension administrative expenses (2022: £4.2m). 2022 also included £10.6m of past service costs relating to a Barber Window equalisation adjustment.

Other adjusted items comprise the Group's legal fees in respect of historical legal issues (£5.3m), adviser costs in relation to the triennial funding valuations (£2.5m), internal pension administrative expenses (£0.6m), corporate simplification costs (£0.5m), and other restructuring-related project costs (£0.7m) less a reduction in National Insurance costs relating to share awards (£0.3m). In 2022, other adjusted items comprise the Group's legal fees in respect of historical legal issues (£5.2m), adviser costs in relation to the triennial funding valuations (£1.6m), less a reduction in National Insurance costs relating to share awards (£2.7m).

Adjusted operating profit bridge

	Adjusted £m
FY22	106
Revenue mix	(33)
Inflation & volume	6
Investment	(13)
Efficiencies	30
Other	1
FY23	**97**

Adjusted operating profit of £96.5m was down £9.6m or 9.0% reflecting the decline in revenue of £32.8m or 5.4%, mitigated by a £23.1m or 4.6% decrease in operating costs. This meant that adjusted operating margin decreased by 0.6 percentage points from 17.6% in 2022 to 17.0% in 2023.

The net cost saving of £23m was driven mainly from efficiencies (£30m). Half of these efficiencies related to labour costs which were lower following the cost reduction programmes with the balance coming from the labour costs which were lower following the cost reduction programmes with the balance coming from the rationalisation of our property portfolio and other operational costs. Investments were made into our US operations and youth brand, Curiously, alongside some digital product development.

Reconciliation of statutory to adjusted results

	Statutory results £m	Operating adjusted items £m	Pension finance charge £m	Adjusted results £m
Revenue	**568.6**	-	-	**568.6**
Operating profit	**46.1**	50.4	-	**96.5**
Profit before tax	**36.7**	50.4	5.9	**93.0**
Profit after tax	**21.5**	42.4	4.5	**68.4**
Basic earnings per share (p)	**6.8**	13.6	1.4	**21.8**

The Group excludes adjusted operating items and the pension finance charge from the adjusted results. Adjusted items relate to costs or income that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group.

Items are adjusted on the basis that they distort the underlying performance of the business where they relate to material items that can recur (including impairment, restructuring and tax rate changes) or relate to historical liabilities (including historical legal and contractual issues, defined benefit pension schemes which are all closed to future accrual).

Other items may be included in adjusted items if they are not expected to recur in future years, such as property rationalisation and items such as transaction and restructuring costs incurred on acquisitions or the profit or loss on the sale of subsidiaries, associates or freehold buildings.

Management excludes these from the results that it uses to manage the business and on which bonuses are based to reflect the underlying performance of the business and believes that the adjusted results, presented alongside the statutory results, provide users with additional useful information. Further details on the items excluded from the adjusted results are set out in note 20.

Like-for-like comparison

	53 week FY 2023 YOY %	LFL 52 week FY 2023 YOY %
Digital	**(15.0)**	(15.2)
Print	**(2.2)**	(3.5)
Circulation	**1.6**	0.0
Advertising	**(11.9)**	(13.0)
Group revenue	**(5.4)**	(6.5)
Adjusted operating costs YoY decline %	**(4.6)**	(5.7)

The results have been prepared for the 53 weeks ending 31 December 2023 and the comparative period has been prepared for the 52 week period ending 25 December 2022. The revenue and costs have been adjusted to show the numbers on a like-for-like basis. The additional week added £6.2m to revenue and £0.8m to operating profit.

Balance sheet and cash flows

Historical legal issues provision

The historical legal issues provision relates to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering. Payments of £4.6m have been made during the year and the provision has decreased by £20.2m, driven by the judgment handed down on the test claims during December 2023. At the year end a provision of £18.2m remains outstanding and this represents the current best estimate of the amount required to resolve this historical matter. Further details relating to the nature of the liability, the calculation basis and the expected timing of payments are set out in note 18.

Decrease in accounting pension deficit

The IAS 19 pension deficit (net of deferred tax) in respect of the Group's defined benefit pension schemes decreased by £36.8m from £113.9m to £77.1m at the year end. The decrease in the deficit is due to the net aggregate of many factors, mostly notable changes in market conditions leading to an increase in discount rate, returns on the schemes' assets, Group contributions and the easing of inflation. We concluded the 2019 triennial valuation, along with the 2022 valuation, for the MGN pension scheme, and have subsequently reached agreement with our other schemes which are expected to be completed by the 31 March 2024 due date. The Group now benefits from an agreed position on future pension funding commitments.

During 2022, similar to the West Ferry scheme, the Trustees of the Express Newspapers Senior Managers Pension Fund purchased a bulk annuity (at no cost to the Group) and the scheme now has all pension liabilities covered by annuity policies. Group contributions in respect of the remaining four defined benefit schemes in 2023 were £60.0m (2022: £55.1m). Contributions in 2024 are expected to be £60.9m under the current schedule of contributions for the four schemes.

Deferred consideration

Deferred consideration is attributable to the acquisition of Express & Star. The third and final payment of £7.0m was made on 28 February 2023. There is no remaining liability in relation to deferred consideration.

Profit to cash measure

This ratio is a measure of our effectiveness at working capital management. It is calculated as our adjusted operating cash flow as a proportion of adjusted operating profit.

In order to calculate this measure, adjusted operating cash flow has been aligned to the definition of adjusted operating profit. The change is largely driven by the exclusion of the cash flow impact of restructuring payments and other items classified as adjusted items in the income statement. This has resulted in an increase in adjusted operating cash flow in 2022 from £64.8m to £92.1m.

	2023 £m	2022 £m
Adjusted operating profit	**96.5**	106.1
Depreciation and amortisation	**21.6**	20.2
Adjusted EBITDA	**118.1**	126.3
Working capital movements	**(3.9)**	(12.3)
Lease payments	**(5.3)**	(6.7)
Capital expenditure	**(15.4)**	(13.3)
Other	**1.3**	0.9
Associates	**(2.9)**	(2.8)
Adjusted operating cash flow	**91.9**	92.1
Profit to cash ratio	**95%**	87%

During the year, adjusted operating profit was £96.5m (2022: £106.1m) and the adjusted operating cash inflow was £91.9m (2022: £92.1m) with a profit to cash ratio of 95% reflecting ongoing cash management. Working capital improved year-on-year, predominantly from excess newsprint inventories which built up during the escalation of the war in Ukraine in 2022 partially unwinding during 2023.

Uses for cash

The table below shows how the Group is using the cash generated from operations to meet its financial obligations. Adjusted cash generated from operations is adjusted operating cash flow excluding the impact of net lease payments and capital expenditure.

	2023 £m	2022 £m
Adjusted cash generated from operations	**112.6**	112.1
Pension payments	**(60.0)**	(55.1)
Historical legal issues	**(4.6)**	(9.0)
Restructuring	**(18.8)**	(13.8)
Capital expenditure	**(15.4)**	(13.3)
Final payment on acquisition	**(7.0)**	(17.1)
Other	**(19.2)**	(21.2)
Cash flow before returns to shareholders	**(12.4)**	(17.4)
Dividends paid	**(23.1)**	(22.9)
Cash flow after returns to shareholders	**(35.5)**	(40.3)
Net (debt)/cash	**(10.1)**	25.4

Material uses for cash include pension contributions totalling £60.0m (2022: £55.1m) and restructuring payments of £18.8m (2022: £13.8m) which mainly relate to cost reduction programmes implemented at the start of the year. The final payment on acquisition of £7.0m (2022: £17.1m) relates to the Express & Star. Other comprises professional fees in respect of historical legal issues and triennial funding valuations of £7.8m (2022: £6.8m), net lease payments of £5.3m (2022: £6.7m), interest paid on borrowings of £3.1m (2022: £1.9m) and other movements which account for the balance of cash flows.

The Group paid a dividend in the period of £23.1m (2022: £22.9m).

Cash balances

Net debt at the year end is £10.1m (inclusive of £0.9m restricted cash), from a net cash position of £25.4m at the end of 2022. The Group has £30.0m drawn down on its revolving credit facility, with the overall total cash position of £19.9m at the year end. The Group has a revolving credit facility of £120.0m, which expires during November 2026.

Cash generated from operations on a statutory basis was £76.4m (2022: £80.1m). The Group presents an adjusted cash flow which reconciles the adjusted operating profit to the net change in cash and cash equivalents, which is set out in note 21. A reconciliation between the statutory and the adjusted cash flow is set out in note 22. The adjusted operating cash flow was £91.9m (2022: £92.1m).

Dividends

The Board proposes a final dividend of 4.46 pence per share for 2023 (2022: 4.46 pence). The final dividend, which is subject to approval by shareholders at the Annual General Meeting on 2 May 2024, will be paid on 31 May 2024 to shareholders on the register at 10 May 2024.

An interim dividend for 2023 of 2.88 pence per share was paid on 22 September 2023 (2022: 2.88 pence per share).

In proposing a final dividend of 4.46 pence per share for 2023 (2022: 4.46 pence per share), the Board has considered all investment requirements and its funding commitments to the defined benefit pension schemes.

Current trading and outlook

We remain focused on delivering our Customer Value Strategy and the areas within our control, building a more resilient growing digital business and delivering efficiencies. The sector-wide decline in referral traffic will impact Q1 2024. We expect growing momentum across our digital business thereafter. As previously announced we have made our operations better suited for a digital world and are on track to deliver a 5-6% reduction in full-year operating costs in 2024.

Our financial priorities remain profitability and cash. Next year we expect working capital requirements excluding provisions to be broadly neutral, and a small step down in our capital expenditure. We have started the process to sell a number of our freehold properties which will support cash generation. Our financial commitments for the year ahead are similar to 2023, including the pensions contributions which will be broadly unchanged; we expect an acceleration in the resolution of existing HLI claims and a further £13m restructuring outflow relating to severance payments for the recent change programme.

Trading performance across the first two months of 2024 has been robust, with print advertising and digital performing well. We are on track with our full year outlook, but continue to operate in an uncertain macroeconomic environment.

Darren Fisher
Chief Financial Officer
5 March 2024

Statement of Directors' Responsibilities

The directors are responsible for preparing the Preliminary Audited Results Announcement in accordance with applicable laws and regulations. The responsibility statement below has been prepared in connection with the Company's full Annual Report for the 53 weeks ended 31 December 2023. Certain points thereof are not included within this Preliminary Audited Results Announcement.

The directors confirm to the best of their knowledge:

a) the consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and

b) the Preliminary Audited Results Announcement includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

By order of the Board of Directors

Darren Fisher
Chief Financial Officer
5 March 2024

Consolidated income statement

for the 53 weeks ended 31 December 2023 (52 weeks ended 25 December 2022)

	notes	Adjusted 2023 £m	Adjusted items 2023 £m	Statutory 2023 £m	Adjusted 2022 £m	Adjusted items 2022 £m	Statutory 2022 £m
Revenue	4	**568.6**	**-**	**568.6**	601.4	-	601.4
Cost of sales		**(344.7)**	**-**	**(344.7)**	(375.7)	-	(375.7)
Gross profit		**223.9**	**-**	**223.9**	225.7	-	225.7
Distribution costs		**(36.9)**	**-**	**(36.9)**	(38.1)	-	(38.1)
Administrative expenses	5	**(93.4)**	**(48.9)**	**(142.3)**	(84.3)	(33.4)	(117.7)
Share of results of associates		**2.9**	**(1.5)**	**1.4**	2.8	(1.4)	1.4
Operating profit		**96.5**	**(50.4)**	**46.1**	106.1	(34.8)	71.3
Interest income	6	**1.0**	**-**	**1.0**	0.1	-	0.1
Finance costs	7	**(4.5)**	**-**	**(4.5)**	(2.9)	-	(2.9)
Pension finance charge	15	**-**	**(5.9)**	**(5.9)**	-	(2.3)	(2.3)
Profit before tax		**93.0**	**(56.3)**	**36.7**	103.3	(37.1)	66.2
Tax charge	8	**(24.6)**	**9.4**	**(15.2)**	(18.8)	4.9	(13.9)
Profit for the period attributable to equity holders of the parent		**68.4**	**(46.9)**	**21.5**	84.5	(32.2)	52.3

Earnings per share	notes	2023 Pence		2023 Pence	2022 Pence		2022 Pence
Earnings per share - basic	10	**21.8**		**6.8**	27.1		16.8
Earnings per share - diluted	10	**21.6**		**6.8**	26.7		16.5

The above results were derived from continuing operations. Set out in note 20 is the reconciliation between the statutory and adjusted results.

Consolidated statement of comprehensive income

for the 53 weeks ended 31 December 2023 (52 weeks ended 25 December 2022)

	notes	2023 £m	2022 £m
Profit for the period		**21.5**	52.3
Items that will not be reclassified to profit and loss:			
Actuarial loss on defined benefit pension schemes	15	**(0.5)**	(35.0)
Tax on actuarial loss on defined benefit pension schemes	8	**0.1**	7.4
Share of items recognised by associates after tax		**0.4**	(1.7)
Other comprehensive loss for the period		**-**	(29.3)
Total comprehensive income for the period		**21.5**	23.0

Consolidated statement of changes in equity

for the 53 weeks ended 31 December 2023 (52 weeks ended 25 December 2022)

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings / (accumulated loss) and other reserves £m	Total £m
At 27 December 2021	32.2	605.4	17.4	4.4	(20.6)	638.8
Profit for the period	-	-	-	-	52.3	52.3
Other comprehensive loss for the period	-	-	-	-	(29.3)	(29.3)
Total comprehensive income for the period	-	-	-	-	23.0	23.0
Purchase of own shares (note 19)	-	-	-	-	(1.0)	(1.0)
Credit to equity for equity-settled share-based payments	-	-	-	-	1.8	1.8
Deferred tax charge for equity-settled share-based payments	-	-	-	-	(2.2)	(2.2)
Dividends paid	-	-	-	-	(22.9)	(22.9)
At 25 December 2022	**32.2**	**605.4**	**17.4**	**4.4**	**(21.9)**	**637.5**
Profit for the period	**-**	**-**	**-**	**-**	**21.5**	**21.5**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**21.5**	**21.5**
Credit to equity for equity-settled share-based payments	**-**	**-**	**-**	**-**	**1.3**	**1.3**
Dividends paid (note 9)	**-**	**-**	**-**	**-**	**(23.1)**	**(23.1)**
Capital reduction (note 19)	**-**	**(605.4)**	**-**	**-**	**605.4**	**-**
At 31 December 2023	**32.2**	**-**	**17.4**	**4.4**	**583.2**	**637.2**

Consolidated cash flow statement

for the 53 weeks ended 31 December 2023 (52 weeks ended 25 December 2022)

	notes	2023 £m	2022 £m
Cash flows from operating activities			
Cash generated from operations	11	**76.4**	80.1
Pension deficit funding payments	15	**(60.0)**	(55.1)
Income tax paid		**(0.5)**	(5.0)
Net cash inflow from operating activities		**15.9**	20.0
Investing activities			

Interest received	6	**0.6**	0.1
Dividends received from associated undertakings		**1.9**	2.5
Proceeds on disposal of property, plant and equipment		**0.9**	0.4
Purchases of property, plant and equipment		**(3.5)**	(3.0)
Expenditure on capitalised internally generated development	12	**(12.8)**	(10.7)
Interest received on leases		**0.4**	-
Finance lease receipts		**0.2**	-
Deferred consideration payment	16	**(7.0)**	(17.1)
Net cash used in investing activities		**(19.3)**	(27.8)
Financing activities			
Interest and charges paid on borrowings		**(3.1)**	(1.9)
Dividends paid	9	**(23.1)**	(22.9)
Interest paid on leases	16	**(1.2)**	(1.1)
Repayment of obligation under leases	16	**(4.7)**	(5.6)
Purchase of own shares	19	**-**	(1.0)
Drawdown of borrowings		**15.0**	15.0
Net cash used in financing activities		**(17.1)**	(17.5)
Net decrease in cash and cash equivalents		**(20.5)**	(25.3)
Cash and cash equivalents at the beginning of the period	16	**40.4**	65.7
Cash and cash equivalents at the end of the period	16	**19.9**	40.4

Consolidated balance sheet

at 31 December 2023 (at 25 December 2022)

	notes	**2023** **£m**	2022 £m
Non-current assets			
Goodwill	12	**35.9**	35.9
Other intangible assets	12	**840.8**	832.9
Property, plant and equipment	13	**113.6**	140.1
Right-of-use assets	14	**13.0**	10.9
Finance lease receivable		**-**	10.4
Investment in associates		**14.5**	14.6
Retirement benefit assets	15	**66.0**	51.2
		1,083.8	1,096.0
Current assets			
Inventories		**11.4**	12.9
Trade and other receivables		**85.1**	95.2
Current tax receivable		**8.1**	13.9
Finance lease receivable		**-**	0.6
Cash and cash equivalents	16	**19.9**	40.4
		124.5	163.0
Assets classified as held for sale	17	**11.0**	-
		135.5	163.0
Total assets		**1,219.3**	1,259.0
Non-current liabilities			
Trade and other payables		**(1.1)**	(4.5)
Lease liabilities	16	**(28.5)**	(26.8)
Retirement benefit obligations	15	**(168.8)**	(202.1)
Provisions	18	**(26.6)**	(36.6)
Deferred tax liabilities		**(200.1)**	(191.6)
		(425.1)	(461.6)
Current liabilities			
Trade and other payables		**(96.2)**	(106.7)
Deferred consideration	16	**-**	(7.0)
Borrowings	16	**(30.0)**	(15.0)
Lease liabilities	16	**(4.7)**	(4.9)
Provisions	18	**(26.1)**	(26.3)
		(157.0)	(159.9)
Total liabilities		**(582.1)**	(621.5)
Net assets		**637.2**	637.5
Equity			
Share capital	19	**32.2**	32.2
Share premium account	19	**-**	605.4
Merger reserve	19	**17.4**	17.4
Capital redemption reserve	19	**4.4**	4.4
Retained earnings/(accumulated loss) and other reserves	19	**583.2**	(21.9)
Total equity attributable to equity holders of the parent		**637.2**	637.5

1. General information

The financial information, which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the Consolidated balance sheet and related notes ('Consolidated Financial Information') in the Preliminary Audited Results announcement is derived from but does not represent the full statutory accounts of Reach plc. The statutory accounts for the

52 weeks ended 25 December 2022 have been filed with the Registrar of Companies and those for the 53 weeks ended 31 December 2023 will be filed following the Annual General Meeting on 2 May 2024. The auditors' reports on the statutory accounts for the 52 weeks ended 25 December 2022 and for the 53 weeks ended 31 December 2023 were unqualified, do not include reference to any matters to which the auditors drew attention by way of emphasis of matter without qualifying the reports and do not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Whilst the Consolidated Financial Information included in this Preliminary Audited Results Announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. This Preliminary Audited Results Announcement constitutes a dissemination announcement in accordance with Section 6.3 of the Disclosure and Transparency Rules (DTR). The Annual Report for the 53 weeks ended 31 December 2023 will be available on the Company's website at www.reachplc.com and at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP before the end of March 2024 and will be sent to shareholders who have elected to receive a hard copy with the documents for the Annual General Meeting to be held on 2 May 2024.

The Consolidated Financial Information has been prepared for the 53 weeks ended 31 December 2023 and the comparative period has been prepared for the 52 weeks ended 25 December 2022. Throughout this report, the Consolidated Financial Information for the 53 weeks ended 31 December 2023 is referred to and headed 2023 and for the 52 weeks ended 25 December 2022 is referred to and headed 2022. The presentational currency of the Group is Sterling. The Company presents the results on a statutory and adjusted basis and revenue trends on a statutory and like-for-like basis as described in note 2.

2. Accounting policies

Basis of preparation

The Consolidated Financial Information has been prepared in accordance with UK-adopted international accounting standards ('IFRS') and the applicable legal requirements of the Companies Act 2006. These standards are subject to ongoing amendment by the International Accounting Standards Board and are therefore subject to change. As a result, the Consolidated Financial Information contained herein will need to be updated for any subsequent amendment to IFRS or any new standards that are issued. The Consolidated Financial Information has been prepared under the historical cost convention.

The accounting policies used in the preparation of the Consolidated Financial Information for the 53 weeks ended 31 December 2023 and for the 52 weeks ended 25 December 2022 have been consistently applied to all the periods presented. These Consolidated Financial Statements have been prepared on a going concern basis.

Going concern basis

The directors have made appropriate enquiries and consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, which comprises the period of at least 12 months from the date of approval of the financial statements.

In accordance with LR 9.8.6(3) of the Listing Rules, and in determining whether the Group's annual consolidated financial statements can be prepared on a going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities, and the risks and uncertainties relating to its business activities.

The key factors considered by the directors were as follows:

- The performance of the business in 2023 and the progress being made in the implementation of the Group's Customer Value Strategy and the implications of the current economic environment including inflationary pressures. The Group undertakes regular forecasts and projections of trading, identifying areas of focus for management to improve the delivery of the Customer Value Strategy and mitigate the impact of any deterioration in the economic outlook;
- The impact of the competitive environment within which the Group's businesses operate;
- The impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;
- The impact on our business of key customers being unable to meet their obligations for services provided by the Group;
- The deficit funding contributions to the defined benefit pension schemes and payments in respect of historical legal issues; and
- The available cash reserves and committed finance facilities available to the Group. The Group has an expiry date for its £120.0m facility of 19 November 2026. The Group has drawn down £30.0m on the facility at the reporting date.

Having considered all the factors impacting the Group's businesses, including downside sensitivities (relating to trading and cash flow), the directors are satisfied that the Company and the Group will be able to operate within the terms and conditions of the Group's financing facilities for the foreseeable future.

The directors have reasonable expectations that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, which comprises the period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group's annual consolidated financial statements.

Changes in accounting policy

The same accounting policies, presentation and methods of computation are followed in the Consolidated Financial Information as applied in the Group's latest annual consolidated financial statements for the 52 weeks ended 25 December 2022.

In addition to the accounting policies disclosed in the Group's latest annual consolidated financial statements, the Group also opts to present cash flows relating to the use of its revolving credit facility net where the loans drawn down through use of the facility are repaid within three months of the initial draw down.

Alternative performance measures

The Company presents the results on a statutory and adjusted basis and revenue trends on a statutory and like-for-like basis. The Company believes that the adjusted basis and like-for-like trends will provide investors with useful supplemental information about the financial performance of the Group, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key performance indicators used by management in operating the Group and making decisions. Although management believes the adjusted basis is important in evaluating the Group, it is not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a statutory basis. The alternative performance measures are not recognised measures under IFRS and do not have standardised meanings prescribed by IFRS and may be different to those used by other companies, limiting the usefulness for comparison purposes. Note 20 sets out the reconciliation between the statutory and adjusted results. An adjusted cash flow is presented in note 21 which reconciles the adjusted operating profit to the net change in cash and cash equivalents. Set out in note 22 is the reconciliation between the statutory and adjusted cash flow. Note 23 shows the reconciliation between the statutory and like-for-like revenue.

Adjusting items

Adjusting items relate to costs or income that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. All operating adjusting items are recognised within administrative expenses. Details of adjusting items are set out in note 20 with additional information in notes 5 and 15.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Historical Legal Issues (note 18)

The historical legal issues provision relates to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering. Previously there have been three parts to the provision: known claims, potential future claims and common court costs. The key uncertainties in relation to this matter relate to how each claim progresses, the amount of any settlement and the associated legal costs. Our assumptions have been based on historical trends, our experience and the expected evolution of claims and costs.

In December 2023, a judgment was handed down in respect of test claims and as a result all claims issued after 31 October 2020 are now likely to be dismissed other than where individuals can demonstrate specific exceptional circumstances. This has significantly reduced the amounts that are expected to be paid out and has resulted in a change to the provision estimate and a net decrease of £20.2m (2022: £11.0m increase) in the year. At the period end, a provision of £18.2m remains outstanding and this represents the current best estimate of the amount required to resolve this historical matter. The majority of the provision is expected to be utilised within the next two years.

Our view on the range of outcomes at the reporting date for the provision, applying more and less favourable outcomes to all aspects of the provision is £12m to £22m (2022: £32m to £56m). Despite making a best estimate, the timing of utilisation and ongoing legal matters related to provided for claims could mean that the final outcome is outside of the range of outcomes.

Taxation (note 8)

There is uncertainty as to the tax deductibility of expenditure relating to historical legal issues in the current year and additional tax liabilities that may fall due in relation to earlier years. At the reporting date, the maximum amount of the additional unprovided tax exposure relating to this uncertain tax item is £4.4m (2022: £8.1m). There is uncertainty as to the final outcome and timing of this item, with a possible range of outcomes for the potential tax exposure being nil to £27.8m (2022: nil to £27.2m).

Retirement benefits (note 15)

Actuarial assumptions adopted and external factors can significantly impact the surplus or deficit of defined benefit pension schemes. Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. These result in risk of a volatile valuation deficit and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value. Advice is sourced from independent and qualified actuaries in selecting suitable assumptions at each reporting date.

Impairment review (note 12)

There is uncertainty in the value-in-use calculation. The most significant area of uncertainty relates to expected future cash flows for the cash-generating unit. Determining whether the carrying values of assets in a cash-generating unit are impaired requires an estimation of the value-in-use of the cash-generating unit to which these have been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Projections are based on both internal and external market information and reflect past experience. The discount rate reflects the weighted average cost of capital of the Group.

Restructuring and property provisions (note 18)

Provisions are measured at the best estimate of the expenditure required to settle the obligation based on the assessment of the related facts and circumstances at each reporting date. There is uncertainty in relation to the size and length of property related provisions.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Indefinite life assumption in respect of publishing rights and titles (note 12)

There is judgement required in continuing to adopt an indefinite life assumption in respect of publishing rights and titles. The directors consider publishing rights and titles (with a carrying amount of £818.7m) have indefinite economic lives due to the longevity of the brands and the ability to evolve them in an ever-changing media landscape. The brands are central to the delivery of the Customer Value Strategy which is delivering digital revenue growth. At each reporting date management review the suitability of this assumption.

Identification of cash-generating units (note 12)

There is judgement required in determining the cash-generating unit relating to our Publishing brands. At each reporting date management review the interdependency of revenues across our portfolio of Publishing brands to determine the appropriate cash-generating unit. The Group operates its Publishing brands such that a majority of the revenues are interdependent and revenue would be materially lower if brands operated in isolation. As such, management do not consider that an impairment review at an individual brand level is appropriate or practical. As the Group continues to centralise revenue generating functions and has moved to a matrix operating structure over the past few years, all of the individual brands in Publishing have increased revenue interdependency and are assessed for impairment as a single Publishing cash-generating unit.

Historical Legal Issues (note 18)

Following the judgment handed down on 15 December 2023, all claims issued after 31 October 2020 are now likely to be considered time barred and subsequently dismissed, other than where individuals can demonstrate there were exceptional circumstances why they could not have been aware of their putative claims. This has significantly reduced the amounts that are expected to be paid out and has resulted in a change to the provision estimate and a net decrease of £20.2m. Subsequently, the test claimants' application for permission to appeal was refused by the trial judge on 9 February 2024, with claimants having a further short period to apply for permission to appeal to the Court of Appeal. The prospects of permission being granted and a successful appeal ensuing are deemed remote and as such no contingent liability has been disclosed in the accounts.

3. Segments

The performance of the Group is presented as a single reporting segment as this is the basis of internal reports regularly reviewed by the Board and chief operating decision maker (executive directors) to allocate resources and to assess performance. The Group's operations are primarily located in the UK and the Group is not subject to significant seasonality during the year.

4. Revenue

	2023	2022

	£m	£m
Print	**438.8**	448.6
Circulation	**312.5**	307.7
Advertising	**76.6**	86.9
Printing	**20.2**	23.1
Other	**29.5**	30.9
Digital	**127.4**	149.8
Other	**2.4**	3.0
Total revenue	**568.6**	601.4

The Group's operations are located primarily in the UK.

5. Operating adjusted items

	2023 £m	2022 £m
Provision for historical legal issues (note 18)	**20.2**	(11.0)
Restructuring charges in respect of cost reduction measures (note 18)	**(26.9)**	(15.5)
(Impairment of sublease)/sublet of closed print site (note 14 and 18)	**(19.4)**	16.6
Other property-related costs (note 20)	**(8.0)**	(4.6)
Pension administrative expenses and past service costs (note 15)	**(5.5)**	(14.8)
Other items (note 20)	**(9.3)**	(4.1)
Operating adjusted items included in administrative expenses	**(48.9)**	(33.4)
Operating adjusted items included in share of results of associates	**(1.5)**	(1.4)
Total operating adjusted items	**(50.4)**	(34.8)

Operating adjusted items relate to costs or income that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. Set out in note 20 is the reconciliation between the statutory and adjusted results which includes descriptions of the items included in adjusted items.

The Group has recorded a £20.2m decrease (2022: £11.0m increase) in the provision for historical legal issues relating to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering (note 18). This material reduction is driven by the judgment handed down during December 2023 in respect of test claims. As a result of the ruling, all claims issued after 31 October 2020 are now likely to be dismissed other than where individuals can demonstrate specific exceptional circumstances, and therefore this has significantly reduced the amounts that are expected to be paid out.

Restructuring charges of £26.9m (2022: £15.5m) principally relate to cost management actions taken in the period.

Following the sublet of the vacant print site during 2022 which resulted in the reversal of an impairment in right-of-use assets of £11.0m and previously onerous costs of the vacant site of £5.6m, the sub-lessee entered into administration during 2023. As a result, the corresponding £10.8m finance lease receivable has been impaired along with the subsequent recognition of onerous costs of £8.6m of the vacant site during the period.

Other property-related costs comprise the impairment of vacant freehold property costs (£4.3m), vacant freehold property-related costs (£1.4m) and onerous lease and related costs (£2.6m) less the profit on sale of assets (£0.3m). In 2022, other property-related costs related to the impairment of vacant freehold property (£4.2m) and plant and equipment (£0.8m) less the profit on sale of impaired assets (£0.4m).

Pension costs of £5.5m (2022: £14.8m) comprise pension administrative expenses (2022: £4.2m). 2022 also included £10.6m of past service costs relating to a Barber Window equalisation adjustment.

Other adjusted items comprise the Group's legal fees in respect of historical legal issues (£5.3m), adviser costs in relation to the triennial funding valuations (£2.5m), internal pension administrative expenses (£0.6m), corporate simplification costs (£0.5m), and other restructuring-related project costs (£0.7m) less a reduction in National Insurance costs relating to share awards (£0.3m). In 2022, other adjusted items comprise the Group's legal fees in respect of historical legal issues (£5.2m), adviser costs in relation to the triennial funding valuations (£1.6m), less a reduction in National Insurance costs relating to share awards (£2.7m).

6. Interest income

	2023 £m	2022 £m
Interest income on bank deposits	**0.6**	0.1
Interest on finance lease receivable	**0.4**	-
Interest income	**1.0**	0.1

7. Finance costs

	2023 £m	2022 £m
Interest and charges on borrowings	**(3.3)**	(1.8)
Interest on lease liabilities	**(1.2)**	(1.1)
Finance costs	**(4.5)**	(2.9)

8. Tax charge

	2023 £m	2022 £m
Corporation tax charge for the period	**(5.5)**	(4.5)
Prior period adjustment	**(1.1)**	(0.7)
Current tax charge	**(6.6)**	(5.2)
Deferred tax charge for the period	**(8.1)**	(9.0)
Prior period adjustment	**(1.0)**	0.3
Deferred tax rate change	**0.5**	-
Deferred tax charge	**(8.6)**	(8.7)
Tax charge	**(15.2)**	(13.9)

Reconciliation of tax charge	2023 £m	2022 £m
Profit before tax	**36.7**	66.2
Standard rate of corporation tax of 23.5% (2022: 19.0%)	**(8.6)**	(12.6)
Variance in overseas tax rates	**0.9**	-
Impact of change in tax rates	**0.5**	-
Tax effect of permanent items that are not included in determining taxable profit	**(5.8)**	(1.2)
Deferred tax not recognised	**(0.4)**	--
Prior period adjustment	**(2.1)**	(0.4)
Tax effect of share of results of associates	**0.3**	0.3
Tax charge	**(15.2)**	(13.9)

The standard rate of corporation tax for the period is 23.5% (2022: 19.0%). The tax effect of items that are not deductible in determining taxable profit includes certain costs where there is uncertainty as to their deductibility. The current tax receivable of £8.1m (2022: £13.9m) is net of the uncertain tax provision of £23.4m (2022: £19.1m). At the reporting date, the maximum amount of the additional unprovided tax exposure relating to an uncertain tax item is £4.4m (2022: £8.1m). There is uncertainty as to the final outcome and timing of this item, with a possible range of outcomes for the potential tax exposure being nil to £27.8m (2022: nil to £27.2m).

The tax on actuarial losses (2022: losses) on defined benefit pension schemes taken to the consolidated statement of comprehensive income is a deferred tax credit of £0.1m (2022: credit of £7.4m).

The amount taken to the consolidated income statement as a result of pension contributions was £11.4m (2022: £7.1m).

9. Dividends

	2023 Pence per share	2022 Pence per share
Amounts recognised as distributions to equity holders in the period		
Dividends paid per share - prior year final dividend	**4.46**	4.46
Dividends paid per share - interim dividend	**2.88**	2.88
Total dividends paid per share	**7.34**	7.34
Dividend proposed per share but not paid nor included in the accounting records	**4.46**	4.46

The Board proposes a final dividend for 2023 of 4.46 pence per share. An interim dividend for 2023 of 2.88 pence per share was paid on 22 September 2023 bringing the total dividend in respect of 2023 to 7.34 pence per share. The 2023 final dividend payment is expected to amount to £14.0m.

On 3 May 2023, the final dividend proposed for 2022 of 4.46 pence per share was approved by shareholders at the Annual General Meeting and was paid on 2 June 2023.

Total dividends paid in 2023 were £23.1m (2022 final dividend payment of £14.0m and 2023 interim dividend payment of £9.1m).

10. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares during the period, and diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

	2023 Thousand	2022 Thousand
Weighted average number of ordinary shares for basic earnings per share	**314,206**	312,153
Effect of potential dilutive ordinary shares in respect of share awards	**2,893**	4,828
Weighted average number of ordinary shares for diluted earnings per share	**317,099**	316,981

The weighted average number of potentially dilutive ordinary shares not currently dilutive was 6,328,039 (2022: 5,406,814).

Statutory earnings per share	**2023 Pence**	2022 Pence
Earnings per share - basic	**6.8**	16.8
Earnings per share - diluted	**6.8**	16.5

Adjusted earnings per share	**2023 Pence**	2022 Pence
Earnings per share - basic	**21.8**	27.1
Earnings per share - diluted	**21.6**	26.7

Set out in note 20 is the reconciliation between the statutory and adjusted results.

11. Cash flows from operating activities

	2023 £m	2022 £m
Operating profit	**46.1**	71.3
Depreciation of property, plant and equipment	**13.9**	15.2
Depreciation of right-of-use assets	**2.8**	2.9
Amortisation of other intangible assets	**4.9**	2.1
Impairment of property, plant and equipment	**4.7**	5.0
Reversal of impairment of right-of-use assets	**-**	(11.0)
Impairment of finance lease receivable	**10.8**	-
Impairment of right-of-use assets	**1.3**	-
Profit on disposal of property, plant and equipment	**(0.3)**	(0.4)
Share of results of associates	**(1.4)**	(1.4)
Share-based payments charge	**1.3**	1.5
Pension administrative expenses and past service costs	**5.5**	14.8
Operating cash flows before movements in working capital	**89.6**	100.0
Decrease/(increase) in inventories	**1.5**	(7.4)
Decrease in receivables	**9.5**	7.2
Decrease in payables	**(24.2)**	(19.7)
Cash flows from operating activities	**76.4**	80.1

12. Goodwill and other intangible assets

The carrying value of goodwill and other intangible assets is:

	Goodwill £m	**Publishing rights and titles £m**	**Internally generated assets £m**	**Intangible assets £m**
Opening carrying value	35.9	818.7	14.2	868.8
Additions	-	-	12.8	12.8
Amortisation	-	-	(4.9)	(4.9)
Closing carrying value	**35.9**	**818.7**	**22.1**	**876.7**

During the year, the Group capitalised internally generated assets relating to software and website development costs of £12.8m (2022: £10.7m). These assets are amortised using the straight-line method over their estimated useful lives (3-5 years).

Publishing rights and titles are not amortised. There is judgement required in continuing to adopt an indefinite life assumption in respect of publishing rights and titles. The directors consider publishing rights and titles (with a carrying amount of £818.7m) have indefinite economic lives due to the longevity of the brands and the ability to evolve them in an ever-changing media landscape. The brands are central to the delivery of the Customer Value Strategy which is delivering digital revenue growth. This, combined with our inbuilt and relentless focus on maximising efficiency, gives confidence that the delivery of sustainable growth in revenue, profit and cash flow is achievable in the future.

There is judgement required in determining the cash-generating units. At each reporting date management review the interdependency of revenues across our Publishing brands to determine the appropriate cash-generating unit. The Group operates its Publishing brands such that a majority of the revenues are interdependent and revenue would be materially lower if brands operated in isolation. As such, management do not consider that an impairment review at an individual brand level is appropriate or practical. As the Group continues to centralise revenue generating functions and has moved to a matrix operating structure over the past few years all of the individual brands in Publishing have increased revenue interdependency and are assessed for impairment as a single Publishing cash-generating unit.

The Group tests the carrying value of assets at the cash-generating unit level for impairment annually or more frequently if there are indicators that assets might be impaired. The review is undertaken by assessing whether the carrying value of assets is supported by their value-in-use which is calculated as the net present value of future cash flows derived from those assets, using cash flow projections. If an impairment charge is required this is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit but subject to not reducing any asset below its recoverable amount.

The impairment review in respect of the Publishing cash-generating unit concluded that no impairment charge was required.

For the impairment review, cash flows have been prepared using the approved Budget for 2024 and projections for a further nine years as this is the period over which the transformation to digital can be assessed. The projections for 2025 to 2033 are internal projections based on continued decline in print revenues and growth in digital revenues and the associated change in the cost base as a result of the changing revenue mix, together with ongoing efficiency initiatives. These projections are used to develop the key assumption of EBITDA growth over the 10 year period. The long-term growth rates beyond the 10-year period have been assessed at 0.9% (2022: 1.0%) based on the Board's view of the market position and in light of current market expectations including the exposure to future digital growth opportunities. We continue to believe that there are significant longer-term benefits of our scale national and local digital audiences and there are opportunities to grow revenue and profit in the longer term.

The discount rate reflects the weighted average cost of capital of the Group. The current post-tax and equivalent pre-tax discount rate used is 10.2% (2022: 10.8%) and 13.6% (2022: 13.9%) respectively.

In respect of the values assigned by management to each of the above assumptions used to develop the key assumption of EBITDA growth, revenue is based on past performance and management's expectations of market development in respect of volumes and prices are based on current industry trends and long-term inflation forecasts. Sales margins are based on past performance and management's expectations for the future. Other operating costs are based on management's forecasts considering the current structure of the business, adjusting for inflationary increases and the transition of the cost base arising from the shift from print to digital. The long-term growth rate used to extrapolate cash flows beyond the budget period is based on future anticipated growth opportunities, including consideration of industry forecasts. The discount rate reflects specific risks relating to the industry in which the Group operates.

The impairment review is highly sensitive to reasonably possible changes in key assumptions used in the value-in-use calculations and there is uncertainty relating to the current challenging macroeconomic environment. The headroom in the impairment review is £53m (2022: £183m). EBITDA in the 10-year projections is forecast to grow at a CAGR of 0.2% (2022: 1.6%). Changes in one or more assumptions used to develop the EBITDA growth assumption such as print revenue declining at a faster rate than projected, digital revenue growth being significantly lower than projected or the associated change in the cost base being different than projected, could lead to a reasonably possible change in EBITDA growth. This would lead to an impairment if these resulted in the EBITDA in the 10-year projections declining at a CAGR of 0.6% (2022: decline 0.9%). Alternatively, an increase in the discount rate by 0.6 percentage points (2022: 2.4 percentage points) would lead to the removal of the headroom.

13. Property, plant and equipment

	Freehold land and buildings £m	Plant and equipment £m	Asset under construction £m	Total £m
Cost				
At 25 December 2022	204.6	341.2	0.5	546.3
Additions	-	1.6	2.1	3.7
Disposals	(2.3)	(0.7)	-	(3.0)
Reclassification	-	1.1	(1.1)	-
Transfer to assets classified as held for sale	(46.7)	-	-	(46.7)
At 31 December 2023	**155.6**	**343.2**	**1.5**	**500.3**
Accumulated depreciation and impairment				
At 25 December 2022	(106.1)	(300.1)	-	(406.2)
Charge for the period	(2.6)	(11.3)	-	(13.9)
Eliminated on disposal	1.7	0.7	-	2.4
Impairment	(4.3)	(0.4)	-	(4.7)
Transfer to assets classified as held for sale	35.7	-	-	35.7
At 31 December 2023	**(75.6)**	**(311.1)**	**-**	**(386.7)**
Carrying amount				
At 25 December 2022	98.5	41.1	0.5	140.1
At 31 December 2023	**80.0**	**32.1**	**1.5**	**113.6**

Impairment of vacant freehold property of £4.3m (2022: £4.2m) (note 5) was as a result of the carrying value of certain Group properties being in excess of their market value at the reporting date. Plant and equipment was impaired by £0.4m (2022: £0.8m) in the period due to site closures and is included within onerous lease and related costs of £2.6m (note 5).

14. Right-of-use assets

	Properties £m	Vehicles £m	Total £m

Cost			
At 25 December 2022	27.4	3.2	30.6
Additions	4.1	2.0	6.1
Other movements	0.1	-	0.1
Derecognition at end of lease term	(3.5)	(1.6)	(5.1)
At 31 December 2023	**28.1**	**3.6**	**31.7**
Accumulated depreciation and impairment			
At 25 December 2022	(17.2)	(2.5)	(19.7)
Charge for the period	(2.1)	(0.7)	(2.8)
Impairment	(1.3)	-	(1.3)
Derecognition at end of lease term	3.5	1.6	5.1
At 31 December 2023	**(17.1)**	**(1.6)**	**(18.7)**
Carrying amount			
At 25 December 2022	10.2	0.7	10.9
At 31 December 2023	**11.0**	**2.0**	**13.0**

Other movements include the impact of changes in lease term.

In 2022, the sublet of the vacant print site which was closed in 2020, resulted in the reversal of an impairment in right-of-use assets of £11.0m (note 5). The sublet was classified as a finance lease and the net investment in the lease of £11.0m was recognised as a finance lease receivable in the consolidated balance sheet at 25 December 2022.

15. Retirement benefit schemes

Defined contribution pension schemes

The Group operates defined contribution pension schemes for qualifying employees, where the assets of the schemes are held separately from those of the Group in funds under the control of Trustees.

The current service cost charged to the consolidated income statement for the year of £17.3m (2022: £18.1m) represents contributions paid by the Group at rates specified in the scheme rules. All amounts that were due have been paid over to the schemes at all reporting dates.

Defined benefit pension schemes

Background

The defined benefit pension schemes operated by the Group are all closed to future accrual. The Group has six defined benefit pension schemes:

- the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme'), the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme'), the Express Newspapers 1988 Pension Fund (the 'EN88 Scheme'), the Express Newspapers Senior Management Pension Fund (the 'ENSM Scheme') and the West Ferry Printers Pension Scheme (the 'WF Scheme').

Characteristics

The defined benefit pension schemes provide pensions to members, which are based on their final pensionable salary, normally from age 65 (although some schemes have some pensions normally payable from an earlier age) plus surviving spouses or dependants' benefits following a member's death. Benefits increase both before and after retirement either in line with statutory minimum requirements or in accordance with the scheme rules if greater. Such increases are either at fixed rates or in line with retail or consumer prices but subject to upper and lower limits. All of the schemes are independent of the Group with assets held independently of the Group. They are governed by Trustees who administer benefits in accordance with the scheme rules and appropriate UK legislation. The schemes each have a professional or experienced independent Trustee as their Chairman with generally half of the remaining Trustees nominated by the members and half by the Group.

Maturity profile and cash flow

Across all of the schemes, the uninsured liabilities related 65% to current pensioners and their spouses or dependants and 35% to deferred pensioners. The average term from the period end to payment of the remaining uninsured benefits is expected to be around 12 years. Uninsured pension payments in 2023, excluding lump sums and transfer value payments, were £75m and these are projected to rise to an annual peak in 2033 of £101m and reduce thereafter.

Funding arrangements

The funding of the Group's schemes is subject to UK pension legislation as well as the guidance and codes of practice issued by the Pensions Regulator. Funding targets are agreed between each Trustee board and the Group and are reviewed and revised usually every three years. The funding targets must include a margin for prudence above the expected cost of paying the benefits and so are different to the liability value for IAS 19 purposes. The funding deficits revealed by these triennial valuations are removed over time in accordance with an agreed recovery plan and schedule of contributions for each scheme. The latest completed valuation date for five of the Group's schemes was as at 31 December 2019, and the 31 December 2022 valuations are progressing for four of the schemes and are expected to be concluded satisfactorily by the 31 March 2024 due date. The ENSM scheme is expected to commence winding up before the statutory deadline of 31 March 2024.

The funding valuation of the MGN Scheme at 31 December 2019 and at 31 December 2022 were agreed on 9 October 2023. The funding valuation of the MGN scheme: at 31 December 2022 showed a deficit of £219.0m. The Group paid contributions of £46.0m to the MGN Scheme in 2023 and the agreed schedule of contributions includes payments of £46.0m pa from 2024 until January 2028.

The funding valuation of the Trinity Scheme at 31 December 2019 was agreed on 21 December 2022. This showed a deficit of £57.2m. The Group paid contributions of £5.2m to this scheme in 2023 and agreed an unchanged schedule of contributions of payments of £5.2m pa from 2024 to 2027.

The funding valuation of the MIN Scheme at 31 December 2019 was agreed on 3 February 2023. This showed a deficit of £73.8m. The Group paid contributions of £6.9m to this scheme in 2023 and the agreed schedule of contributions features payments of £6.9m pa in 2024 and 2025, £7.8m pa in 2026 and 2027 and £8.6m pa in 2028 and 2029.

The funding valuations of the EN88 Scheme and ENSM Scheme at 31 December 2019 were agreed on 10 December 2021. For the EN88 Scheme this showed a deficit of £25.1m. In September 2023 the EN88 Scheme agreed with the Group to divert the deficit contributions payable to the Scheme into a separate bank account held by the Group for the period from September 2023 to March 2024, or earlier if the 2022 valuation is agreed and completed. On completion of the 2022 valuation a new schedule of contributions will be agreed. If the 2022 valuation is not completed by the statutory deadline on 31 March 2024 the full balance held in the bank account and any accrued interest will be payable to the Scheme. During 2023, the Group paid contributions of £1.9m to the EN88 Scheme and £0.9m into the bank account. The agreed schedule of contributions includes payments of £2.1m to the Scheme and £0.7m into the bank account for 2024, £2.8m pa to the Scheme from 2025 to 2026 and £0.8m in 2027. During 2022, the Trustees of the ENSM Scheme purchased a bulk annuity at no cost to the Group and the scheme now has all pension liabilities covered by annuity policies and no further funding is expected.

Group contributions in respect of the defined benefit pension schemes in the year were £60.0m (2022: £55.1m).

At the reporting date, the funding deficits in all schemes are expected to be removed before or around 2029 by a combination of the contributions and asset returns. Contributions (which include funding for pension administrative expenses) are payable monthly. Contributions per the current schedule of contributions are £60.9m pa (including £0.7m for the EN88 scheme to a separate bank account) in 2024, £60.9m in 2025, £61.8m in 2026, £59.8m in 2027, £12.5m in 2028 and £8.6m in 2029.

The future deficit funding commitments are linked to the three-yearly actuarial valuations. Although the funding commitments do not generally impact the IAS 19 position, IFRIC 14 guides companies to consider for IAS 19 disclosures whether any surplus can be recognised as a balance sheet asset and whether any future funding commitments in excess of the IAS 19 liability should be provisioned for. Based on its interpretation of the rules for each of the defined benefit pension schemes, the Group considers that it has an unconditional right to any potential surplus on the ultimate wind-up after all benefits to members have been paid in respect of all of the schemes except the WF Scheme. Under IFRIC 14 it is therefore appropriate to recognise any IAS 19 surpluses which may emerge in future and not to recognise any potential additional liabilities in respect of future funding commitments of all of the schemes except for the WF Scheme. For the WF Scheme at the reporting date, the assets are surplus to the IAS 19 benefit liabilities and the impact of IFRIC 14 removes this surplus. As no further contributions are expected to the WF Scheme, the Group no longer recognises a deficit of its future deficit contribution commitment to the scheme.

The calculation of Guaranteed Minimum Pension ('GMP') is set out in legislation and members of pension schemes that were contracted out of the State Earnings-Related Pension Scheme ('SERPS') between 6 April 1978 and 5 April 1997 will have built up an entitlement to a GMP. GMPs were intended to broadly replicate the SERPS pension benefits but due to their design they give rise to inequalities between men and women, in particular, the GMP for a male comes into payment at age 65 whereas for a female it comes into payment at the age of 60 and GMPs typically receive different levels of increase to non GMP benefits. On 26 October 2018, the High Court handed down its judgement in the Lloyds Trustees vs Lloyds Bank plc and Others case relating to the equalisation of member benefits for the gender effects of GMP equalisation. This judgement creates a precedent for other UK defined benefit schemes with GMPs. The judgement confirmed that GMP equalisation was required for the period 17 May 1990 to 5 April 1997 and provided some clarification on legally acceptable methods for achieving equalisation. An allowance for GMP equalisation was first included within liabilities at 30 December 2018 and was recognised as a charge for past service costs in the income statement. In 2020 further clarification was issued relating to GMP equalisation in respect of transfers out of schemes and a further allowance for GMP equalisation was included within liabilities at 27 December 2020 and was recognised as a charge for past service costs in the income statement. The estimate is subject to change as we undertake more detailed member calculations, as guidance is issued and/or as a result of future legal judgements.

Past service costs of £10.6m in 2022 related to a Barber Window equalisation adjustment identified by the Trustees of the MGN Scheme during the prior year. The impact relates to the equalisation of retirement ages to 65, which was previously implemented from 17 May 1990, rather than the date of the Deed of Amendment of the Rules which was 4 April 1991.

Risks

Risks

Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. This results in the risk of a volatile valuation deficit and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value.

The main sources of risk are:

- investment risk: a reduction in asset returns (or assumed future asset returns);
- inflation risk: an increase in benefit increases (or assumed future increases); and
- longevity risk: an increase in average life spans (or assumed life expectancy).

These risks are managed by:

- investing in insured annuity policies: the income from these policies exactly matches the benefit payments for the members covered, removing all of the above risks. At the reporting date the insured annuity policies covered 15% of total liabilities;
- investing a proportion of assets in other classes such as government and corporate bonds and in liability driven investments: changes in the values of the assets aim to broadly match changes in the values of the uninsured liabilities, reducing the investment risk, however some risk remains as the durations of the bonds are typically shorter than those of the liabilities and so the values may still move differently. At the reporting date non-equity assets amounted to 98% of assets excluding the insured annuity policies;
- investing a proportion of assets in equities: with the aim of achieving outperformance and so reducing the deficits over the long term. At the reporting date this amounted to 2% of assets excluding the insured annuity policies; and
- the gradual sale of equities over time to purchase additional annuity policies or liability matching investments: to further reduce risk as the schemes, which are closed to future accrual, mature.

Pension scheme accounting deficits are snapshots at moments in time and are not used by either the Group or Trustees to frame funding policy. The Group and Trustees seek to be aligned in focusing on the long-term sustainability of the funding policy which aims to balance the interests of the Group's shareholders and members of the schemes. The Group and Trustees also seek to be aligned in reducing pensions risk over the long term and at a pace which is affordable to the Group.

The EN88 Scheme, the ENSM Scheme, the Trinity Scheme and the WF Scheme have an accounting surplus at the reporting date, before allowing for the IFRIC 14 asset ceiling. Across the MGN Scheme and the MIN Scheme, the invested assets are expected to be sufficient to pay the uninsured benefits due up to 2043, based on the reporting date assumptions. The remaining uninsured benefit payments, payable from 2044, are due to be funded by a combination of asset outperformance and the deficit contributions currently scheduled to be paid up to 2027 for the MGN Scheme and 2029 for the MIN Scheme. For the MGN Scheme and MIN Scheme, actuarial projections at the year-end reporting date show removal of the accounting deficit by the end of 2026 for the MGN Scheme and 2029 for the MIN Scheme due to scheduled contributions and asset returns at the current target rate. From this point, the assets are projected to be sufficient to fully fund the liabilities on the accounting basis. The Group is not exposed to any unusual, entity specific or scheme specific risks. Other than the impact of the Barber Window equalisation adjustment in the prior period, there were no plan amendments, settlements or curtailments in 2023 or 2022 which resulted in a pension cost.

In June 2023, the UK High Court (Virgin Media v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal. The Trustees and Group are monitoring developments and will consider if there are any implications for the pension schemes, if the ruling is upheld.

Results

For the purposes of the Group's consolidated financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the estimated value of the scheme assets at 31 December 2023.

Based on actuarial advice, the assumptions used in calculating the scheme liabilities are:

	2023	2022
Financial assumptions (nominal % pa)		
Discount rate	**4.62**	4.90
Retail price inflation rate	**3.08**	3.29
Consumer price inflation rate	1.0% pa lower than RPI to 2030 and equal to RPI thereafter	1.0% pa lower than RPI to 2030 and equal to RPI thereafter
Rate of pension increases in deferment	**2.71**	2.90
Rate of pension increases in payment	**3.34**	3.38
Mortality assumptions - future life expectancies from age 65 (years)		
Male currently aged 65	**21.4**	21.6
Female currently aged 65	**23.7**	24.0
Male currently aged 55	**21.0**	21.3
Female currently aged 55	**24.2**	24.5

The defined benefit pension liabilities are valued using actuarial assumptions about future benefit increases and scheme member demographics, and the resulting projected benefits are discounted to the reporting date at appropriate corporate bond yields. For 2022 and 2023, the financial assumptions have been derived as a yield curve with different rates per year, with the figures in the table above representing a weighted average of these rates across all of the schemes. This is considered to be a more robust and accurate approach to setting assumptions as it allows for each scheme's individual circumstances, rather than considering the schemes in aggregate as has been done in the past.

The discount rate should be chosen to be equal to the yield available on 'high quality' corporate bonds of appropriate term and currency. For 2022 and 2023, the discount rate has been set as the full corporate bond yield curve.

The inflation assumptions are based on market expectations over the period of the liabilities. For 2022 and 2023, the inflation assumptions have been set using the full inflation curve. The RPI assumption is set based on the break-even RPI inflation curve with a margin deducted. This margin, called an inflation risk premium, reflects the fact that the RPI market implied inflation curve can be affected by market distortions and as a result it is thought to overstate the underlying market expectations for future RPI inflation. Allowing for the extent of RPI linkage on the schemes' benefits pre and post 2030, the average inflation risk premium has been set at 0.2% per annum to 2030 and 0.4% per annum thereafter. The CPI assumption is set based on a margin deducted from the RPI assumption, due to lack of market data on CPI expectations. Following the UK Statistics Authority's announcement of the intention to align RPI with CPIH from 2030 the assumed gap between RPI and CPI inflation is 1.0% per annum up to 2030 and 0.0% per annum beyond 2030, consistent with 2022.

The estimated impacts on the IAS 19 liabilities and on the IAS 19 deficit at the reporting date, due to a reasonably possible change in key assumptions over the next year, are set out in the table below:

	Effect on liabilities £m	Effect on deficit £m
Discount rate +/- 1.0% pa	-185/+225	-165/+200
Retail price inflation rate +/- 0.5% pa	+24/-24	+15/-15
Consumer price inflation rate +/- 0.5% pa	+24/-22	+23/-20
Life expectancy at age 65 +/- 1 year	+80/-85	+70/-70

The RPI sensitivity impacts the rate of increases in deferment for some of the pensions in the EN88 Scheme and some of the pensions in payment for all schemes except the MGN Scheme. The CPI sensitivity impacts the rate of increases in deferment for some of the pensions in most schemes and the rate of increases in payment for some of the pensions in payment for all schemes.

The effect on the deficit is usually lower than the effect on the liabilities due to the matching impact on the value of the insurance contracts held in respect of some of the liabilities. Each assumption variation represents a reasonably possible change in the assumption over the next year but might not represent the actual effect because assumption changes are unlikely to happen in isolation.

The estimated impact of the assumption variations makes no allowance for changes in the values of invested assets that would arise if market conditions were to change in order to give rise to the assumption variation. If allowance were made, the estimated impact would likely be lower as the values of invested assets would normally change in the same directions as the liability values.

The amounts included in the consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheet arising from the Group's obligations in respect of its defined benefit pension schemes are as follows:

Consolidated income statement	**2023 £m**	2022 £m
Pension administrative expenses	**(5.5)**	(4.2)
Past service costs	**-**	(10.6)
Pension finance charge	**(5.9)**	(2.3)
Defined benefit cost recognised in income statement	**(11.4)**	(17.1)

Consolidated statement of comprehensive income	**2023 £m**	2022 £m
Actuarial gain/(loss) due to liability experience	**14.1**	(60.1)
Actuarial (loss)/gain due to liability assumption changes	**(6.9)**	940.4
Total liability actuarial gain	**7.2**	880.3
Returns on scheme assets less than discount rate	**(8.7)**	(915.9)
Impact of IFRIC 14	**1.0**	0.6
Total loss recognised in statement of comprehensive income	**(0.5)**	(35.0)

Consolidated balance sheet	**2023 £m**	2022 £m
Present value of uninsured scheme liabilities	**(1,557.7)**	(1,571.5)
Present value of insured scheme liabilities	**(277.9)**	(288.5)
Total present value of scheme liabilities	**(1,835.6)**	(1,860.0)
Invested and cash assets at fair value	**1,455.1**	1,421.8
Value of liability matching insurance contracts	**277.9**	288.5
Total fair value of scheme assets	**1,733.0**	1,710.3
Funded deficit	**(102.6)**	(149.7)
Impact of IFRIC 14	**(0.2)**	(1.2)
Net scheme deficit	**(102.8)**	(150.9)
Non-current assets - retirement benefit assets	**66.0**	51.2
Non-current liabilities - retirement benefit obligations	**(168.8)**	(202.1)

	2023	2022
Net scheme deficit	**(102.8)**	(150.9)

Net scheme deficit included in consolidated balance sheet	**(102.8)**	(150.9)
Deferred tax included in consolidated balance sheet	**25.7**	37.0
Net scheme deficit after deferred tax	**(77.1)**	(113.9)

Movement in net scheme deficit	**2023 £m**	2022 £m
Opening net scheme deficit	**(150.9)**	(153.9)
Contributions	**60.0**	55.1
Consolidated income statement	**(11.4)**	(17.1)
Consolidated statement of comprehensive income	**(0.5)**	(35.0)
Closing net scheme deficit	**(102.8)**	(150.9)

Changes in the present value of scheme liabilities	**2023 £m**	2022 £m
Opening present value of scheme liabilities	**(1,860.0)**	(2,788.4)
Past service costs	**-**	(10.6)
Interest cost	**(88.5)**	(49.9)
Actuarial gain/(loss) - experience	**14.1**	(60.1)
Actuarial gain - change to demographic assumptions	**35.7**	6.7
Actuarial (loss)/gain - change to financial assumptions	**(42.6)**	933.7
Benefits paid	**105.7**	108.6
Closing present value of scheme liabilities	**(1,835.6)**	(1,860.0)

Impact of IFRIC 14	**2023 £m**	2022 £m
Opening impact of IFRIC 14	**(1.2)**	(1.8)
Decrease in impact of IFRIC 14	**1.0**	0.6
Closing impact of IFRIC 14	**(0.2)**	(1.2)

Changes in the fair value of scheme assets	**2023 £m**	2022 £m
Opening fair value of scheme assets	**1,710.3**	2,636.3
Interest income	**82.6**	47.6
Actual return on assets less than discount rate	**(8.7)**	(915.9)
Contributions by employer	**60.0**	55.1
Benefits paid	**(105.7)**	(108.6)
Administrative expenses	**(5.5)**	(4.2)
Closing fair value of scheme assets	**1,733.0**	1,710.3

Fair value of scheme assets	**2023 £m**	2022 £m
UK equities	**2.2**	27.5
Other overseas equities	**32.5**	76.9
Property	**28.3**	33.2
Corporate bonds	**279.0**	315.9
Fixed interest gilts	**1.1**	6.7
Liability driven investment	**1,029.2**	816.5
Cash and other	**82.8**	145.1
Invested and cash assets at fair value	**1,455.1**	1,421.8
Value of insurance contracts	**277.9**	288.5
Fair value of scheme assets	**1,733.0**	1,710.3

The assets of the schemes are primarily held in pooled investment vehicles which are unquoted. The pooled investment vehicles hold both quoted and unquoted investments. Scheme assets include neither direct investments in the Company's ordinary shares nor any property assets occupied nor other assets used by the Group.

16. Net cash/(debt)

The net cash/(debt) for the Group is as follows:

				IFRS 16 lease liabilities movement			
	26 December 2022 £m	**Cash flow £m**	**Loan drawdown £m**	**Interest £m**	**New leases £m**	**Other movements £m**	**31 December 2023 £m**
Liabilities from financing activities							
Borrowings	**(15.0)**	-	(15.0)	-	-	-	**(30.0)**
Lease liabilities	**(31.7)**	5.9	-	(1.2)	(6.1)	(0.1)	**(33.2)**
	(46.7)	5.9	(15.0)	(1.2)	(6.1)	(0.1)	**(63.2)**
Current assets							
Cash and cash equivalents	**40.4**	(35.5)	15.0	-	-	-	**19.9**
Net cash less lease liabilities	**(6.3)**						**(43.3)**
Net cash/(debt)	**25.4**	(35.5)	-	-	-	-	**(10.1)**

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one week or less. The carrying amount of these assets approximates their fair value. The cash and cash equivalents disclosed above and in the statement of cash flows include £0.9m of restricted cash relating to potential pension contributions to the EN88 Scheme if the funding is deemed required (note 15). This is not available for general use within the Group.

The Group has a revolving credit facility of £120.0m which expires on 19 November 2026. The Group had drawings of £30.0m at the reporting date. The facility is subject to two covenants: Interest Cover and Net Debt to EBITDA, both of which were met at the reporting date.

Deferred consideration is in respect of the acquisition of Express & Star

Payment of the first instalment of £18.9m was made on 28 February 2020. The second instalment of £16.0m was made on 28 February 2021, the third instalment of £17.1m was made on 28 February 2022 and the final instalment of £7.0m was made on 28 February 2023. At the reporting date, there was no deferred consideration balance remaining.

17. Assets classified as held for sale

At 31 December 2023, three properties were recognised as assets classified as held for sale with a total carrying value of £11.0m. As part of measuring the properties at the lower of their carrying amount and fair value less costs to sell, a £2.7m impairment loss has been recognised within impairment of vacant freehold property costs (note 5). The fair value was determined by the sale price or the value of offers received on the property. One of these properties has been sold since the year end and the remaining two properties are expected to complete within the next 12 months.

18. Provisions

	Share-based payments £m	Property £m	Restructuring £m	Historical legal issues £m	Other £m	Total £m
At 26 December 2022	(0.9)	(9.4)	(6.6)	(43.0)	(3.0)	(62.9)
Charged to income statement	(0.1)	(10.3)	(27.0)	(5.9)	(0.8)	(44.1)
Released to income statement	0.3	0.2	0.1	26.1	0.1	26.8
Utilisation of provision	0.2	2.4	18.8	4.6	1.5	27.5
Reclassification	-	(2.0)	2.0	-	-	-
At 31 December 2023	**(0.5)**	**(19.1)**	**(12.7)**	**(18.2)**	**(2.2)**	**(52.7)**

The provisions have been analysed between current and non-current as follows:

	2023 £m	2022 £m
Current	**(26.1)**	(26.3)
Non-current	**(26.6)**	(36.6)
	(52.7)	(62.9)

The share-based payments provision relates to National Insurance obligations attached to the future crystallisation of awards. This provision will be utilised over the next three years.

The property provision relates to property-related onerous contracts and onerous committed costs related to vacant properties. The provision will be utilised over the remaining term of the leases or expected period of vacancy.

The restructuring provision relates to restructuring charges incurred in the delivery of cost reduction measures. The net charge of £26.9m principally relates to cost management actions taken in the period (note 5). The severance costs provision is expected to be utilised within the next year. A provision of £2.0m for closure costs relating to a print plant has been reclassified to property to better reflect the nature of the provision.

The historical legal issues provision relates to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering. Previously there have been three parts to the provision: known claims, potential future claims and common court costs. The key uncertainties in relation to this matter relate to how each claim progresses, the amount of any settlement and the associated legal costs. Our assumptions have been based on historical trends, our experience and the expected evolution of claims and costs. The known and common costs part of the provision is calculated using the most likely outcome method, with the expected value method being used previously for the potential claims provision.

In December 2023, a judgment was handed down in respect of test claims and as a result all claims issued after 31 October 2020 are now likely to be dismissed other than where individuals can demonstrate specific exceptional circumstances. This has significantly reduced the amounts that are expected to be paid out and has resulted in a change to the provision estimate and a net decrease of £20.2m (2022: £11.0m increase) in the year. At the period end, a provision of £18.2m remains outstanding and this represents the current best estimate of the amount required to resolve this historical matter. The majority of the provision is expected to be utilised within the next two years (2022: three years).

Our view on the range of outcomes at the reporting date for the provision, applying more and less favourable outcomes to all aspects of the provision is £12m to £22m (2022: £32m to £56m). Despite making a best estimate, the timing of utilisation and ongoing legal matters related to provided for claims could mean that the final outcome is outside of the range of outcomes. Successful appeal is considered remote.

The other provision balance of £2.2m at the period end relates to libel and other matters and is expected to be utilised over the next two years.

19 Share capital and reserves

The share capital comprises 322,085,269 (2022: 322,085,269) allotted, called up and fully paid ordinary shares of 10p each.

The share premium account reflects the premium on issued ordinary shares. The merger reserve comprises the premium on the shares allotted in relation to the acquisition of Express & Star. The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled under share buy-back programmes.

On 18 December 2023, a capital reduction of £605.4m became effective. The balance on the share premium account of £605.4m was cancelled, creating distributable reserves of the same amount within retained earnings.

The Company holds 4,110,884 shares as Treasury shares (2022: 5,014,410 shares). In 2023, 903,526 shares were withdrawn from Treasury to satisfy the vesting of awards granted in 2020 under the Reach Long Term Incentive Plan and buy-out awards granted in 2023.

Cumulative goodwill written off to accumulated loss and other reserves in respect of continuing businesses acquired prior to 1998 is £25.9m (2022: £25.9m). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to accumulated loss and other reserves.

Shares purchased by the Trinity Mirror Employees' Benefit Trust are included in retained earnings and other reserves at £3.8m (2022: £3.9m). In 2022 the Trust purchased 521,310 shares for a cash consideration of £1.0m. The Trust received a payment of £1.0m from the Company to purchase these shares. During the year, 1,229,928 were released relating to grants made in prior years (2022: 2,621,142).

During the year, awards relating to 1,623,678 shares were granted to executive directors on a discretionary basis under the Long Term Incentive Plan (2022: 667,448). The exercise price of each award is £1 for each block of awards granted. The awards vest after three years, subject to the continued employment of the participant and satisfaction of certain performance conditions and are required to be held for a further two years. During the period, awards relating to 394,666 shares were granted to an executive director under the Long Term Incentive Plan representing a buy-out of awards that were forfeited on joining the Group. The awards vest in line with the original vesting dates of the forfeited awards, subject to the continued employment up to the relevant vesting dates. 95,760 of these shares had a vesting date in 2023.

During the year, awards relating to 3,085,852 shares were granted to senior managers on a discretionary basis under the Long Term Incentive Plan (2022: 1,256,413). The exercise price of each award is £1 for each block of awards granted. The awards vest after three years, subject to the continued employment of the participant and satisfaction of certain performance conditions.

During the year, no awards relating to shares were granted to executive directors under the Restricted Share Plan (2022: 121,575 shares). The award vests after three years.

20. Reconciliation of statutory to adjusted results

53 weeks ended 31 December 2023

	Statutory results £m	**Operating adjusted items (a) £m**	**Pension finance charge (b) £m**	**Adjusted results £m**
Revenue	**568.6**	**-**	**-**	**568.6**
Operating profit	**46.1**	**50.4**	**-**	**96.5**
Profit before tax	**36.7**	**50.4**	**5.9**	**93.0**
Profit after tax	**21.5**	**42.4**	**4.5**	**68.4**
Basic earnings per share (p)	**6.8**	**13.6**	**1.4**	**21.8**

52 weeks ended 25 December 2022

	Statutory results £m	Operating adjusted items (a) £m	Pension finance charge (b) £m	Adjusted results £m
Revenue	601.4	-	-	601.4
Operating profit	71.3	34.8	-	106.1
Profit before tax	66.2	34.8	2.3	103.3
Profit after tax	52.3	30.3	1.9	84.5
Basic earnings per share (p)	16.8	9.7	0.6	27.1

(a) Operating adjusted items relate to the items charged or credited to operating profit as set out in note 5.

(b) Pension finance charge relates to the defined benefit pension schemes as set out in note 15.

Set out in note 2 is the rationale for the alternative performance measures adopted by the Group. The reconciliations in this note highlight the impact on the respective components of the income statement.

Items are adjusted on the basis that they distort the underlying performance of the business where they relate to material items that can recur (including impairment, restructuring, tax rate changes) or relate to historical liabilities (including historical legal and contractual issues, defined benefit pension schemes which are all closed to future accrual). Other items may be included in adjusted items if they are not expected to recur in future years, such as property rationalisation and items such as transaction and restructuring costs incurred on acquisitions or the profit or loss on the sale of subsidiaries, associates or freehold buildings.

Impairments to non-current assets arise following impairment reviews or where a decision is made to close or retire printing assets. These non-cash items are included in adjusted items on the basis that they are material and vary considerably each year, distorting the underlying performance of the business.

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax has been enacted or substantively enacted by parliament. The impacts of the change in rates are included in adjusted items on the basis that when they occur they are material, distorting the underlying performance of the business.

Provision for historical legal issues relates to the cost associated with dealing with and resolving civil claims for historical phone hacking and unlawful information gathering. This is included in adjusted items as the amounts are material, it relates to historical matters and movements in the provision can vary year to year.

The Group's defined benefit pension schemes are all closed to new members and to future accrual and are therefore not related to the current business. The pension administration expenses and the pension finance charge are included in adjusted items as the amounts are significant and they relate to the historical pension commitment.

Included in adjusted items in 2023 are the impairment of finance lease receivable of £10.8m and recognition of onerous costs of £8.6m of a vacant print site where the sub-lessee entered into administration during 2023. Other adjusted items comprise impairment of vacant freehold property (£4.3m), vacant freehold property-related costs (£1.4m), onerous lease and related costs (£2.6m), the Group's legal fees in respect of historical legal issues (£5.3m), adviser costs in relation to the triennial funding valuations (£2.5m), internal pension administrative expenses (£0.6m), corporate simplification costs (£0.5m), and other restructuring-related project costs (£0.7m) less a reduction in National Insurance costs relating to share awards (£0.3m) and the profit on sale of impaired assets (£0.3m). These are included in adjusted items as they relate to historic liabilities or are one-off items not expected to recur.

Included in adjusted items in 2022 are the reversal of an impairment in right-of-use assets of £11.0m and previously onerous costs of £5.6m due to the sublet of a vacant print site which was closed in 2020. Other adjusted items comprise the Group's legal fees in respect of historical legal issues (£5.2m), adviser costs in relation to the triennial funding valuations (£1.6m), impairment of vacant freehold property (£4.2m) and plant and equipment (£0.8m) less a reduction in National Insurance costs relating to share awards (£2.7m) and the profit on sale of impaired assets (£0.4m). These are included in adjusted items as they relate to historic liabilities or are one-off items not expected to recur.

21. Adjusted cash flow

	2023	2022
	£m	£m
Adjusted operating profit	**96.5**	106.1
Depreciation and amortisation	**21.6**	20.2
Adjusted EBITDA	**118.1**	126.3
Working capital movements	**(3.9)**	(12.3)
Net capital expenditure	**(15.4)**	(13.3)
Net interest paid on leases	**(0.8)**	(1.1)
Finance lease receipts	**0.2**	-
Repayment of obligation under leases	**(4.7)**	(5.6)
Other	**1.3**	0.9
Associates	**(2.9)**	(2.8)
Adjusted operating cash flow	**91.9**	92.1
Net interest and charges paid on borrowings	**(2.5)**	(1.8)
Income tax paid	**(0.5)**	(5.0)
Restructuring payments	**(18.8)**	(13.8)
Historical legal issues payments	**(4.6)**	(9.0)
Dividends paid	**(23.1)**	(22.9)
Purchase of own shares	**-**	(1.0)
Pension funding payments	**(60.0)**	(55.1)
Dividends received from associated undertakings	**1.9**	2.5
Legal fee payments in respect of historical legal issues	**(5.3)**	(5.2)
Adviser cost payments in relation to triennial funding valuations	**(2.5)**	(1.6)
Other adjusted items payments	**(5.0)**	(2.4)
Adjusted net cash flow	**(28.5)**	(23.2)
Bank facility drawdown	**15.0**	15.0
Acquisition-related cash flows	**(7.0)**	(17.1)
Net decrease in cash and cash equivalents	**(20.5)**	(25.3)

Adjusted operating cash flow has been aligned to the definition of adjusted operating profit. The change is largely driven by the exclusion of the cash flow impact of restructuring payments and other items classified as adjusted items in the income statement. This has resulted in an increase in adjusted operating cash flow in 2022 from £64.8m to £92.1m.

22. Reconciliation of statutory to adjusted cash flow

53 weeks ended 31 December 2023	**Statutory 2023 £m**	**(a) £m**	**(b) £m**	**Adjusted 2023 £m**	
Cash flows from operating activities					
Cash generated from operations	**76.4**	**(20.7)**	**36.2**	**91.9**	Adjusted operating cash flow

Pension deficit funding payments	**(60.0)**	**-**	**-**	**(60.0)**	Pension funding payments
	-	**-**	**(18.8)**	**(18.8)**	Restructuring payments
	-	**-**	**(4.6)**	**(4.6)**	Historical legal issues payments
	-	**-**	**(5.3)**	**(5.3)**	Legal fee payments in respect of historical legal issues
	-	**-**	**(2.5)**	**(2.5)**	Adviser cost payments in relation to triennial funding valuations
	-	**-**	**(5.0)**	**(5.0)**	Other adjusted items payments
Income tax paid	**(0.5)**	**-**	**-**	**(0.5)**	Income tax paid
Net cash inflow from operating activities	**15.9**				
Investing activities					
Interest received	**0.6**	**-**	**-**	**0.6**	Net interest and charges paid on bank borrowings
Dividends received from associated undertakings	**1.9**	**-**	**-**	**1.9**	Dividends received from associated undertakings
Proceeds on disposal of property, plant and equipment	**0.9**	**(0.9)**	**-**	**-**	Net capital expenditure
Purchases of property, plant and equipment	**(3.5)**	**3.5**	**-**	**-**	Net capital expenditure
Expenditure on capitalised internally generated development	**(12.8)**	**12.8**	**-**	**-**	Net capital expenditure
Interest received on leases	**0.4**	**(0.4)**	-	**-**	Net interest paid on leases
Finance lease receipts	**0.2**	**(0.2)**	-	**-**	Finance lease receipts
Deferred consideration payment	**(7.0)**	**-**	-	**(7.0)**	Acquisition-related cash flow
Net cash used in investing activities	**(19.3)**				
Financing activities					
Interest and charges paid on borrowings	**(3.1)**	**-**	**-**	**(3.1)**	Net interest and charges paid on bank borrowings
Dividends paid	**(23.1)**	**-**	**-**	**(23.1)**	Dividends paid
Interest paid on leases	**(1.2)**	**1.2**	**-**	**-**	Net interest paid on leases
Repayment of obligations under leases	**(4.7)**	**4.7**	**-**	**-**	Repayment of obligation under leases
Drawdown of borrowings	**15.0**	**-**	**-**	**15.0**	Bank facility drawdown
Net cash used in financing activities	**(17.1)**				
Net decrease in cash and cash equivalents	**(20.5)**	**-**	**-**	**(20.5)**	

(a) Items included in the statutory cash flow on separate lines which for the adjusted cash flow are included in adjusted operating cash flow.

(b) Payments in respect of adjusted items are shown separately in the adjusted cash flow.

52 weeks ended 25 December 2022	Statutory 2022 £m	(a) £m	(b) £m	Adjusted 2022 £m	
Cash flows from operating activities					
Cash generated from operations	80.1	(20.0)	32.0	92.1	Adjusted operating cash flow
Pension deficit funding payments	(55.1)	-	-	(55.1)	Pension funding payments
	-	-	(13.8)	(13.8)	Restructuring payments
	-	-	(9.0)	(9.0)	Historical legal issues payments
	-	-	(5.2)	(5.2)	Legal fee payments in respect of historical legal issues
	-	-	(1.6)	(1.6)	Adviser cost payments in relation to triennial funding valuations
	-	-	(2.4)	(2.4)	Other adjusted items payments
Income tax paid	(5.0)	-	-	(5.0)	Income tax paid
Net cash inflow from operating activities	20.0				
Investing activities					
Interest received	0.1	-	-	0.1	Net interest and charges paid on bank borrowings
Dividends received from associated undertakings	2.5	-	-	2.5	Dividends received from associated undertakings
Proceeds on disposal of property, plant and equipment	0.4	(0.4)	-	-	Net capital expenditure
Purchases of property, plant and equipment	(3.0)	3.0	-	-	Net capital expenditure
Expenditure on capitalised internally generated development	(10.7)	10.7	-	-	Net capital expenditure
Deferred consideration payment	(17.1)	-	-	(17.1)	Acquisition-related cash flow
Net cash used in investing activities	(27.8)				
Financing activities					
Interest and charges paid on borrowings	(1.9)	-	-	(1.9)	Net interest and charges paid on bank borrowings
Dividends paid	(22.9)	-	-	(22.9)	Dividends paid
Interest paid on leases	(1.1)	1.1	-	-	Net interest paid on leases
Repayment of obligations under leases	(5.6)	5.6	-	-	Repayment of obligation under leases
Purchase of own shares	(1.0)	-	-	(1.0)	Purchase of own shares
Drawdown of borrowings	15.0	-	-	15.0	Bank facility drawdown
Net cash used in financing activities	(17.5)				
Net decrease in cash and cash equivalents	(25.3)	-	-	(25.3)	

(a) Items included in the statutory cash flow on separate lines which for the adjusted cash flow are included in adjusted operating cash flow.

(b) Payments in respect of adjusted items are shown separately in the adjusted cash flow.

23. Reconciliation of statutory to like-for-like revenue

2023 v 2022	Statutory 2023 £m	(a) £m	Like-for-like 2023 £m	Statutory and like-for-like 2022 £m
Print	438.8	(5.9)	432.9	448.6
Circulation	312.5	(4.7)	307.8	307.7
Advertising	76.6	(1.0)	75.6	86.9
Printing	20.2	(0.2)	20.0	23.1
Other	29.5	-	29.5	30.9

Digital	127.4	(0.3)	127.1	149.8
Other	2.4	-	2.4	3.0
Total revenue	568.6	(6.2)	562.4	601.4

(a) Exclusion of week 53

Principal Risks and Uncertainties

We have considered our risks in the context of delivering our strategy through a more data-led digital business and the evolving external environment. The evolving external environment has seen the macroeconomic conditions continue to be challenging, particularly in the areas of inflation and consumer confidence, interest rates, and advertising spend. We have seen an accelerated decline in digital referral volumes driven by the evolution of referral approaches used by the different platforms.

This has caused our risk of digital growth deceleration to increase and our risks around deterioration in the macroeconomic environment, supply chain disruption and cyber security breach to remain elevated throughout the year. The risk environment for data protection failure has also changed during the year with our expansion into the US.

We have reviewed and evolved our mitigating actions for our principal risks to ensure they adapted to the changing risk environment. The Board has undertaken a robust risk assessment and review of our principal risks in this context and the Audit & Risk Committee has also performed a deep-dive review of the following principal risks during the year: cyber security, data protection, brand reputation, treasury management and future funding, and US operations risk. Our principal risks and progress against them are set out below.

Risk and description	How we mitigate the risk	What we've done this year
Strategic		
Deterioration in macroeconomic conditions ***Risk owner: Full Executive Committee*** No change Continued deterioration in macroeconomic conditions could result in an uncertain trading environment with reduced customer and advertiser spending, higher interest rates, higher inflation and increased costs, leading to lower cash flow and profits.	The economic uncertainty continues. We closely monitor the risk and impact and continue to take action when needed. We have a proven track record of responding quickly and delivering additional cost savings as necessary when faced with unexpected revenue declines.	We have closely monitored and assessed the macroeconomic factors and during the year we have seen continued inflationary pressures and increasing interest rates. We have continued to take action to closely monitor costs and be as efficient as possible, taking timely actions to mitigate inflation cost pressures in the year.
Deceleration of digital growth alongside acceleration in decline of print revenues ***Risk owner: Full Executive Committee*** Increase Changes in the traditional publishing industry have led to an ongoing decline in print advertising and circulation revenues, which is being exacerbated by macroeconomic factors. A lack of appropriate strategic focus could result in us losing further revenue from existing products, while also failing to grow digital revenues quickly enough to offset the decline in print.	Our strategic development is led by an experienced Board and Executive Committee. We focus on developing digital revenue streams through the CVS. We continue to take tactical measures to minimise print revenue declines and maintain profits, such as taking appropriate cost mitigation or pricing measures. We have governance structures which enable the ongoing review of performance against targets and strategic goals, including a weekly structured trading meeting. We keep under consideration acquisition, joint venture and other corporate development opportunities, which are aligned to our CVS.	Our strategy, led by an experienced Executive Committee, is built around moving to a digital-led model and remains the key strategic focus for the Executive Committee. During the year we have focused on building our direct relationships with customers; social video content; our strategy for affiliates; and Curiously, which aims to grow revenue from new audiences. Specifically, we have launched the Secure Audience Strategy, which focuses newsrooms on increasing the number of page views which come from reliable sources - those built on intentional relationships with us by readers. Content is analysed by age profile to understand what will appeal to under-35s in particular. This was rolled out in August, as part of the wider cultural change Curiously is tasked with delivering. We have also launched an operation in the US, which gives us another route to a

		digital population of 360m people, which in turn will open up new revenue opportunities.
Operational		
Cyber security breach ***Risk owner: Chief Financial Officer/Chief Information Officer*** No change An internal or external cyber threat or attack, or a breach within one of our suppliers, could lead to breaches of confidential data, interruption to our systems and services, reputational damage with our stakeholders and financial loss.	All business-critical systems are well established and are supported by appropriate disaster recovery plans. We regularly assess our vulnerability to cyber attack and our ability to re-establish operations in the event of a failure. The technical infrastructure supporting our websites is within the cloud and our sites have been designed to provide adequate resilience and continued performance in the event of a significant failure. We continue to invest in enhancing our cyber security infrastructure as new threats emerge.	Given our continued strategic focus on customer data as a source of revenue, the potential impact of a cyber security breach is increasing all the time. During the year we continued to deliver our cyber security improvement programme and have focused on the preparedness of our technology leaders to manage cyber incidents including cyber incident training and table-top exercises to rehearse re-establishing operations in the event of a failure. We have continued to harden our cloud environments to contain the damage from a potential cyber attack and performed regular penetration tests to identify vulnerabilities.
Supply chain disruption ***Risk owner: Chief Operating Officer/Chief Financial Officer*** No change Disruption or failure in our supply chain could lead to business disruption, increased costs, reduced service and product quality, and ultimately mean we are unable to deliver our strategy. **Print:** Our print products, which rely on a small number of key suppliers (for example, newsprint suppliers, wholesalers and distributors), could be adversely affected, operationally and financially, by changes to supplier dynamics. **Information systems and technology:** A major failure, breach or prolonged performance issues at a third-party provider could have an adverse impact on our business.	We carefully monitor and manage all our third-party print and information systems and technology providers - these include: Ad producers and planners Wholesalers and distributors Newsprint suppliers Manufacturing maintenance and parts providers IT providers; and Global digital partners We have business continuity/disaster recovery plans in place with all our key partners. For our IT partners, we have clear governance arrangements covering risk management, change control, security and service delivery.	During the year we continued to monitor our key suppliers, with a particular focus on suppliers to our print site operations. We also continued to review our contingency arrangements to ensure we have robust stock management processes and that there are contingency arrangements in place with our key suppliers.
Health and safety incident ***Risk owner: Chief Operating Officer*** No change Failure to adhere to our health and safety systems could result in our employees or other workers on our sites having accidents, including, potentially, fatal ones.	Every site has a professionally qualified and experienced health and safety manager and an occupational health provider. The health and safety manager oversees the implementation of our health and safety management system, which includes an adverse event reporting system. This allows investigations to be carried out in a timely manner by the health and safety team. The system includes a process for assessing risks in different areas of the business and covers risks such as external work in hostile and high-risk environments. It also includes internal and external auditing to ensure continuing compliance across our print and publishing sites. We offer health and wellbeing support, including for mental health, to all our employees.	During the year we have worked to embed the refreshed Health and Safety Policy and framework that was implemented in 2022. We have continued to enhance our risk assessment processes for events, our hubs and work in high-risk environments. We have continued to offer appropriate health and wellbeing support to all of our employees. Online threats and abuse towards our journalists is an area of increasing concern, so addressing this issue and protecting our journalists will continue to be a priority for us.
Lack of funding capability ***Risk owner: Chief Financial Officer*** No change Our main financial risk is the lack of funding capability to meet business needs. This may be caused by a lack of working capital, unexpected increases in interest rates or increased	**Financing** We have committed loan facilities sufficient to deliver our strategy. Through regular dialogue, we maintain constructive relationships with our syndicate banks. We forecast and monitor cash flow regularly through our treasury reporting processes. Our exposure to foreign exchange fluctuation is	**Financing** Following the extension of our full loan facility for an additional year during 2022 (until November 2026) to mitigate the risk of any unexpected increases in interest rates or liabilities, no changes to the facility have been made during 2023.

liabilities, in particular: pension deficits may grow at such a rate that annual funding costs consume a disproportionate level of profit volume and level of claims for historical legal issues (HLI)	limited. **Commitments** Regular reporting to the Board (including facility utilisation and covenant compliance). We hold regular discussions with pension scheme trustees. We continually review ways of de-risking our pension liabilities. We continually monitor and manage ongoing HLI claim levels, and work with external lawyers on HLI civil claims.	**Commitments** We made significant payments to our pension schemes in the year and we remain committed to addressing our historical pension deficits. This includes the successful resolution of the 2019 triennial review during the year for the one remaining scheme. Discussions are ongoing with the Group's other schemes regarding the 2022 triennial valuations and are expected to be concluded satisfactorily by the 31 March 2024 due date. In December, the High Court's judgement on time limitation provided a clearer view on our future liabilities in relation to HLI.
Inability to recruit and retain talent ***Risk owner: Group Human Resources Director*** No change The inability to recruit, develop and retain talent with appropriate skills, knowledge and experience would compromise our ability to deliver our strategy.	We continually monitor and review: Digital capabilities of our workforce Turnover levels Pay and benefits Opportunities to expand our talent pool (for example, outside London) The recruitment channels we use Diversity and inclusion.	Against the backdrop of this year having a recruitment freeze we have been continuing to monitor this risk while taking into account the current business environment. We are currently downsizing our workforce. Throughout this exercise, we ensured that we retained skills and talent. Against this backdrop and the changing business environment we are closely reviewing our employee proposition in order to retain the best talent going forward.
Damage to brand reputation ***Risk owner: Full Executive Committee*** No change Breaches of regulations or editorial best practice guidelines; editorial errors; and issues with employees' behaviour or the tone of our editorial could damage our reputation, cause us to lose readership, and put us at risk of legal proceedings.	We have highly experienced and capable people in our key senior management roles. Our governance structures provide clear accountability for compliance with all laws and regulations, and we have policies and procedures in place to meet all relevant requirements, including a crisis management procedure that is communicated to all relevant staff. We train all editorial employees on how to create content that complies with relevant legislation. We continually monitor upcoming legislative changes and emerging trends.	We have clear internal expectations around the management of editorial risk, including a mandatory escalation policy of significant risks to senior editorial and legal colleagues, and monthly reporting on editorial risk. We have reviewed and updated all our Editorial Legal policies in 2023, and created new versions for use in the US. These have formed the subject of editorial training and been publicised to all members of our editorial teams via our legal bulletin, which is circulated monthly.
Regulatory		
Data protection failure ***Risk owner: Group General Counsel/Data Protection Officer*** No change A contravention of data protection regulations applicable to Reach such as the UK or EU General Data Protection Regulations (GDPR), Privacy and Electronic Communications Regulations 2003 (PECR), various state and federal legislation in the US and Canada (e.g. the updated California Consumer Privacy Act CCPA Amended), could lead to monetary penalties, reputational damage and a loss of customer trust.	We have clear governance structures to direct and oversee our data protection strategy. Our Data Protection Officer and Data Protection team promote and advise on compliance with data protection regulations, address rights requests, provide oversight and help mitigate the risk of compliance breaches. The team works with a network of data protection champions and teams across the business to assist the business in delivering its data protection obligations. We have well-established data protection policies, processes and controls to govern how colleagues carry out day-to-day activities involving the handling of personal data, plus clear terms with regards to the collection, use, sharing and retention of user data, including data transferred to third parties. When developing new products and services, we use a 'data protection by design and default' approach to collecting and using personal data, to ensure we remain compliant with data protection regulations.	During the year we continued to focus on embedding data protection controls and processes and ensuring that data protection forms part of 'business as usual' in everything we do. This included reviewing and enhancing our Data Protection risk and reporting framework to incorporate new legislative requirements and regulatory focus areas and ensuring third parties met the legislative requirements and correct provisions were in place. We also advised on matters arising from new projects involving personal data including the US expansion and artificial intelligence initiatives, and monitored completion of data protection awareness training.

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