RNS Number : 4767Y
Reach PLC
31 July 2024

Reach plc ("The Company") Half Year Results - Six months to 30 June 2024

31 July 2024

Customer Value Strategy driving performance, on track to deliver full year expectations

Jim Mullen Chief Executive

"We are pleased to have delivered further operational progress this year, with our commercial and editorial teams making the most of the strong news agenda.

Our Customer Value Strategy continues to deliver long-term success, with an increasing share of data-driven digital revenue as well as digital growth returning in Q2. Alongside our expertise in managing our print product, we have traded our digital assets hard and delivered an operating margin improvement.

We continue to build a stronger, more resilient business and are on track with our plans for the year."

Results overview: Improved operating profit margin through effective cost management

Financial Summary[(1)]

6 months 30 June 24		**Adjusted results**[(2)]			**Statutory results**		
		HY24	HY23	Change	**HY24**	HY23	Change
Revenue	£m	265.0	279.4	(5.2%)	265.0	279.4	(5.2%)
Operating profit	£m	44.5	36.1	23.1%	36.8	11.1	232.2%
Operating profit margin	%	16.8	12.9	3.9%	13.9	4.0	9.9%
Earnings per share	Pence	10.1	8.7		7.8	1.5	
Net (debt)/cash [(3)]	£m	(12.3)	(3.5)		(12.3)	(3.5)	
Dividend per share	Pence	2.88	2.88		2.88	2.88	

- Revenue declined 5.2% to £265.0m with digital revenue of £60.0m broadly in line with last year (HY23: £60.8m), and momentum improving across the period (Q124: (8.5)%, Q224: +6.7%).
- Both print circulation revenue £149.9m (HY23: £155.4m) and print advertising revenue £32.7m (HY23: £37.0m) outperformed volume decline, which remains in line with historical trends.
- Early and effective action on costs has delivered targeted cost savings. Total adjusted operating costs reduced by 9.3% to £221.8m (HY23: £244.6m).
- Adjusted operating profit increased by 23.1%, and at an improved margin of 16.8% (HY23: 12.9%, FY23: 17.0%).
- Continue to deliver returns for shareholders with the interim dividend maintained at 2.88p.

Further progress with our Customer Value Strategy

- The Customer Value Strategy is driving data-driven revenue growth of 9% to £27.2m (HY23: £24.9m). These revenues now represent 45% of total digital revenues (HY23: 41%).
- Strong trading of digital assets, along with continued diversification into non-advertising revenues, including partnerships, ecommerce and affiliates. As a direct result, yield (revenue per thousand page views) increased by 32%.
- Growing secure audience by 4% year-on-year[(5)], including 9m customers receiving content directly to their devices.
- Page view volumes declined 25% over the period due to ongoing impact of 2023's referrer deprioritisation of news. Trends are improving and open market prices for mass scale programmatic advertising have stabilised.

FY24 Outlook: On track to deliver market expectations

We remain focused on delivering our operational plans for the year as we build a more sustainable digital business. Our Customer Value Strategy is continuing to grow data-driven revenues and we expect our print performance to remain resilient despite the tough macro backdrop.

We are trending slightly ahead of a full year reduction in operating costs of 5-6%. The phasing of cost initiatives and inflation during 2023 and 2024 means that operating profits will be more equally weighted between the first and second half of the year.

At the end of the period, we saw elevated levels of advertising spend supported by events such as the European Football Championships. July is trading in line with our expectations.

We continue to work against the backdrop of the dominant tech platforms and their impact on search and referral traffic. As we have seen, this dynamic can create some volatility across our distribution, however, we are building more resilience through our Customer Value Strategy and we remain on track to deliver market expectations.(6)

Q2 Trading: Digital revenue back in growth

2024	Q1 YOY %	Q2 YOY %	HY YOY %
Digital revenue	(8.5)	6.7	(1.3)
Print revenue	(6.0)	(6.2)	(6.1)
circulation revenue	(3.4)	(3.7)	(3.6)
advertising revenue	(10.7)	(12.3)	(11.5)
Group revenue	**(6.7)**	**(3.6)**	**(5.2)**

The performance over the second quarter has been bolstered by strong multi-platform content around key events, including the European Football Championships, UK general election and Taylor Swift Eras tour. As expected, yield continued to improve, driving growth across the digital estate. We remain focused on optimising our digital inventory with the increase in yield more than compensating for the 16% decline in page views.

Data-driven revenues, which are higher value and enable more targeted advertising, now make up 45% of digital revenues. Across the quarter these revenues grew 13% (year-on-year) due to the strong growth in direct advertising revenues and non-advertising revenues, including partnerships, ecommerce and affiliates.

Mass-scale programmatic advertising market has benefitted from a stabilisation in open market prices. It is too early to characterise this as a recovery, but the early indicators are positive.

In Print, circulation revenues have proven again to be a reliable revenue stream and the teams have mitigated the circulation volume headwind with cover price increases, strong promotional activity and standalone products tying into popular events. Print advertising revenue performed well due to the continued demand for this ad format, particularly from the food retailers.

Notes:

(1) The results have been prepared for the six months ending 30 June 2024 and the comparative period has been prepared for the 26-week period ending 25 June 2023.
(2) Set out in note 18 is the reconciliation between the statutory and adjusted results.
(3) Net debt balance comprises cash and cash equivalents of £12.7m (inclusive of £1.9m restricted cash) less bank borrowings of £25.0m, but excludes lease obligations (note 14).
(4) An adjusted cash flow is presented in note 19 which reconciles the adjusted operating profit to the net change in cash and cash equivalents. Note 20 provides a reconciliation between the statutory and adjusted cash flows.
(5) Average increase Q224 v Q223.
(6) Market expectations compiled by the company are an average of analyst published forecasts - consensus adjusted operating profit for FY24 is £97.8m.

Enquiries
Reach plc
Jim Mullen, Chief Executive Officer
Darren Fisher, Chief Financial Officer
Lija Kresowaty, Head of External Communications — communications@reachplc.com
Jo Britten, Investor Relations Director — +44 (0)7557 557 447

Teneo — **reachplc@teneo.com**
Giles Kernick, David Allchurch — 020 7353 4200

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.

LEI: 213800GNI5XF3XOATR61

Classification: 1.2 Half yearly financial reports and audit reports/limited reviews

Jim Mullen, Chief Executive Officer and Darren Fisher, Chief Financial Officer will be hosting a webcast at 9:00am (UK) on 31 July 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/awqguxcw

To participate in the Q&A session and register to ask a question, please access the following web link and register your details: https://register.vevent.com/register/BIb35a6b46186841f496ca82974c6bf67f

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 six months ended 30 June 2024. 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 conditions 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

Steady performance and strong operational delivery

I am pleased with our overall performance in the first half, despite continuing industry headwinds. This is testament to the success of our Customer Value Strategy enabling strong trading of our digital inventory, as well as the ongoing resilience in our print circulation and advertising sales. Our digital revenue has returned to growth (Q224: 7%) and we have delivered an improved operating margin.

We continue to expertly manage print performance, with circulation revenue performing well (H124: (4)%) in the face of anticipated volume declines. Our teams have carefully implemented cover price increases while in turn, strengthening the customer proposition with additional content and strong promotional offers.

Print advertising also performed well, exceeding the volume trend. This was in part thanks to some strong advertiser opportunities in the first half of the year, as well as increased market competition in some sectors driving advertising spend, particularly in the food retail sector. Clearly, market trends are changeable, but this demonstrates the value that advertisers place on both our print and digital inventory.

I want to thank all of our teams for their efforts, talents and energy as we delivered against a continuing challenging backdrop.

Balance sheet benefitting from well-managed costs

Our proven track record in cost management continues to keep us competitive through market changes.

We took early and decisive cost action in 2023. While difficult, as a result of this action the business has benefitted from an improved operating margin during the half year.

We are also currently seeing the benefits of our expertise in controlling print costs, with a number of well-negotiated contracts creating more stability in our cost base.

As we have shown, we continue to manage cost issues responsibly and proactively.

Customer Value Strategy providing resilience and growth

In the face of declining audience volumes, and as the industry continues to evolve, our Customer Value Strategy has ensured that we can offer our commercial partners contextual and behavioural targeting, therefore increasing the value of our content. We continue to work with a large pool of rich customer and contextual data, which we have used to develop and refine our advertising technology platform, Mantis.

As we shared in March, these developments mean that we have been able to improve our yield over time so that, for every 1,000 page views, we now bring in over 30% more revenue year-on-year. Our operations are supported here by best-in-class digital traders who optimise the pricing and yield of our online pages.

Overall, our data-driven revenues have grown 9% over the first half of the year, with these higher value revenues now representing 45% of total digital revenues.

Further progress in diversifying digital revenues

Our Customer Value Strategy has also successfully diversified our revenue base, and we continue to see promising growth in some of these initiatives, particularly in ecommerce and affiliates.

Last month, we marked the 500,000th OK! Beauty Box sold, with year-on-year revenue growth of 34%. Ecommerce will continue to be a focus in 2024 and, this month, we expanded our ecommerce proposition by soft launching Yimbly, a dedicated marketplace platform.

As we shared in March, we have invested further in our in-house advertising technology platform Mantis, to maximise B2B revenue. We now have a strong senior team in place, with a recently appointed managing director, and the expanded proposition has secured its first partners with deals to licence its contextual targeting tools.

Our large-scale and diverse audience continues to support our long-term sustainability, and our American expansion continues to progress according to plan as we steadily build our capability there.

Engaging audiences with impactful journalism

Our teams have delivered impactful content for their audiences this year, delivering on our purpose to enlighten, empower and entertain. Our local titles continue to hold power to account, for example the Liverpool Echo which doggedly pursued a story uncovering two local councillors who had received court summons over late or non-payment of council tax. As always, our titles continue to campaign for causes important to their readers, for example the Express's petition around the right to assisted dying, which sparked a Parliamentary debate on the issue, and the Mirror's Justice for our Daughters campaign, which led to then-Prime Minister, Rishi Sunak, agreeing to end the practice of shorter sentences for domestic murders.

With the election just behind us, the importance of this work is clearer than ever. Our editorial brands give millions of people a voice, providing free-to-access news for our audiences across the political spectrum. This is a responsibility we take very seriously.

We have also made changes to enable our teams to be more forward-thinking in how we get our content to our audiences, particularly in a more multiplatform way. We have seen good progress in H1, with the newly formed Studio team producing strong video content, with election-related vodcasts, including The Division Bell, Poll Position and Planet Holyrood. The team also secured its first exclusive sponsorship deal for a new production just last month for its Euros vodcast, Euro Thrash.

In order to meet growing audience demand for video, we will continue to focus on developing not only our video content, but our routes to monetising this output. This work is still in its early days, but audience engagement with our video content is growing with overall views up 20% year-on-year and TikTok views more than doubling. YouTube is a focus area for us, with revenues growing 14% year-on-year. For the time being, these represent a small part of our overall mix, but continue to be an important focus area for us to expand our reach by producing content for multiple platforms.

As previously mentioned, we have continued to carefully increase the use of AI in our newsrooms, led by our editorial teams. We have seen some clear efficiency wins in reducing time spent on repetitive tasks and, for example, estimate that we have doubled the speed at which an average story can be uploaded to our Content Management System. We continue to robustly test a number of AI opportunities to support both our editorial teams and the wider business.

Being a more responsible business

We have further implemented our formal sustainability framework this year and have continued to focus on progressing our environmental reporting, gathering the data that will guide us on our path to net zero. We have been undergoing a rigorous process in order to determine our Science Based Target (SBT), which we expect to submit later this year. In March, our technology team donated over 1,300 used devices to The National Device Bank, an initiative that supports individuals and communities in need through digital skills training and resources, while also reducing technology waste.

We continue to prioritise inclusion and last month, for the first time, the Mirror was the media partner for Pride in London. I am proud to say we have also boosted our efforts to increase social mobility in the industry and, this summer, launched a paid summer internship scheme with a focus on attracting people who may not have thought a career in journalism was open to them.

Well positioned in a changing market

We continue to operate in a fluid market, impacted by the dominant tech platforms, and will continue to engage with Government and regulators on these issues. We have a solid record in navigating the evolving landscape and have made good progress in putting the business, our brands and our content in a strong position to face continued industry change. Our performance in the first six months of the year is testament to this work and we are confident in the outlook for the full year.

Jim Mullen,
Chief Executive Officer
31 July 2024

Finance Review

Delivering our financial plans

We delivered our plans in the first half, despite the challenging industry backdrop. This is due to the increasing resilience we have built across the business with our Customer Value Strategy, along with our operational expertise in driving yield in digital, managing the volume decline across the print business and controlling our cost base.

Our yield performance is driven by our Customer Value Strategy. Data-driven revenues grew 9% to £27.2m, and are more valuable to advertisers and higher yielding. Print continued to perform reliably, supported by an experienced team and strong news agenda. Print delivered £204.0m (HY23: £217.3m) of revenue, with a solid performance in both circulation and print advertising.

Maintaining strong cost discipline

We continue to focus on driving efficiencies and we took decisive and early actions to drive savings across our cost base. Our adjusted operating costs reduced by £22.8m or 9.3% year-on year, mainly attributable to the restructuring we undertook during 2023 alongside the reduction in newsprint costs. Together, these actions have meant that we delivered a 17% adjusted operating margin, which is an increase in adjusted operating profit of £8.4m.

Focus on cash

Cash management remains a priority. During the period, we completed two property disposals generating £13.1m of cash. The Group closed the period with net debt of £12.3m (inclusive of £1.9m restricted cash) which is made up of £12.7m of cash and the revolving credit facility was drawn at £25m. The Group's facility of £120.0m remains in place until November 2026.

Group cash conversion was strong at 130% benefitted from working capital inflows, most of which we expect to unwind in the second half of the year. Our key financial obligations are unchanged. As we previously communicated, we gained clarity on resolving our historical legal issues. This year, we have made further progress on settling outstanding claims with our financial estimates and timetable unchanged from those communicated at the full year. As we said then, we expect the majority of issued claims, if not all to be resolved by the end of 2025.

We continued to invest in our business, including Mantis, our advertising technology platform, as well as our US business. This month we soft launched Yimbly, an ecommerce marketplace which we expect to scale through the year. We are also rolling out a new platform for our websites to improve the user experience.

Looking ahead

Our financial priorities remain unchanged with a focus on profitability and cash management. We will continue to carefully manage our print business, grow our digital revenues prioritising our data-driven strategy and control costs.

At the start of the year, we committed to reducing total operating costs by 5-6%, and we are trending slightly ahead of this target. However, the relative level of savings will contract across the second half of the year and we expect profitability to be more equally weighted between the first and second half.

Summary income statement

	Adjusted HY 2024 £m	Adjusted HY 2023 £m	**Statutory HY 2024 £m**	Statutory HY 2023 £m
Revenue	**265.0**	279.4	**265.0**	279.4
Costs	**(221.8)**	(244.6)	**(228.8)**	(268.9)

Associates	**1.3**	1.3	**0.6**	0.6
Operating profit	**44.5**	36.1	**36.8**	11.1
Finance costs	**(2.2)**	(1.3)	**(3.9)**	(4.4)
Profit before tax	**42.3**	34.8	**32.9**	6.7
Tax charge	**(10.5)**	(7.6)	**(8.3)**	(2.1)
Profit after tax	**31.8**	27.2	**24.6**	4.6
Earnings per share - basic	**10.1**	8.7	**7.8**	1.5

The results have been prepared for the six months to 30 June 2024. The comparative period has been prepared for the 26-week period ending 25 June 2023.

Group revenue reduced by £14.4m or 5.2% with print down 6.1% and digital revenue down 1.3%.

Adjusted operating costs decreased by £22.8m or 9.3%, more than offsetting the decline in revenue. The cost base benefitted from the restructure implemented at the end of 2023, alongside lower volumes and prices, with inflation continuing to unwind.

Statutory operating costs were lower by £40.1m or 14.9%, driven by the decrease in operating adjusted items of £17.3m (£7.0m in HY24 versus £24.3m in HY23).

Adjusted operating profit increased £8.4m or 23.1%. The adjusted operating profit margin of 16.8% in HY24 compares to 12.9% for HY23. Statutory operating profit increased by £25.7m, primarily due to the decrease in operating adjusted items and cost savings delivered through the cost programme.

Adjusted earnings per share increased by 1.4p or 16.1% to 10.1p. Statutory earnings per share increased by 6.3p to 7.8p, principally due to the increase in operating profit.

Revenue

	HY 2024 Actual £m	HY 2023 Actual £m	YOY Change %
Digital	**60.0**	60.8	(1.3)
Print	**204.0**	217.3	(6.1)
Circulation	**149.9**	155.4	(3.6)
Advertising	**32.7**	37.0	(11.5)
Printing	**8.8**	10.3	(15.2)
Other	**12.6**	14.6	(13.1)
Other	**1.0**	1.3	(22.7)
Total revenue	**265.0**	279.4	(5.2)

	Actual Q1 2024 YOY %	**Actual Q2 2024 YOY %**	**Actual HY 2024 YOY %**	Actual HY 2023 YOY %
Digital revenue	**(8.5)**	**6.7**	**(1.3)**	(16.1)
Print revenue	**(6.0)**	**(6.2)**	**(6.1)**	(2.7)
Circulation	(3.4)	(3.7)	(3.6)	2.4
Advertising	(10.7)	(12.3)	(11.5)	(18.3)
Total Revenue	**(6.7)**	**(3.6)**	**(5.2)**	(6.1)

Revenue bridge

	Actual £m	**YOY %**
2023HY revenue	279	
Digital	(1)	(1.3)
Circulation	(6)	(3.6)
Print advertising	(4)	(11.5)
Printing & print other	(3)	(14.0)
Other	-	(22.7)
2024HY revenue	**265**	**(5.2)**

Digital revenue decreased by 1.3% to £60.0m (HY23: £60.8m). The impact from the sector-wide decline in referral traffic from major platforms has started to normalise, with digital page views declining 25%. The volume impact is mitigated by actions to diversify digital revenues and trade digital assets more effectively. As a result, the yield, the amount we earn from each page view, increased by over 30% year-on-year. Mass-scale programmatic yield has also improved with a stabilisation in open market prices. It is too early to call this a recovery, but the early indicators are positive.

The print business continued to perform reliably, with print revenue declining by £13.3m to £204.0m (HY23: £217.3m). Solid circulation performance with revenue down 3.6% to £149.9m (HY23: up 2.4%) as the teams expertly managed the cover price increases to offset volume decline with strong promotional activity and strategic special editions around big news events.

Print advertising declined by £4.3m, or 11.5% year-on-year; this performance has continued to outperform volume trends which were down 17% year-on-year, supported by continued strong demand from food retailers.

Print revenue also includes third-party printing revenues and other print-related revenues. Printing revenue decreased by 15.2% (HY23: down 10.4%). Other print revenue decreased by 13.1% (HY23: down 1.4%). These revenues are largely contracted on a cost-plus basis, and reflect the external market demand for print.

Costs

	Adjusted HY 2024 £m	Adjusted HY 2023 £m	**YOY Change %**	**Statutory HY 2024 £m**	Statutory HY 2023 £m	**YOY Change %**
Labour	**(105.9)**	(114.5)	**7.6**	**(105.9)**	(114.5)	**7.6**
Newsprint	**(22.2)**	(33.4)	**33.7**	**(22.2)**	(33.4)	**33.7**
Depreciation and amortisation	**(9.7)**	(10.3)	**5.8**	**(9.7)**	(10.3)	**5.8**
Production and sales related costs	**(32.6)**	(35.0)	**6.8**	**(32.6)**	(35.0)	**6.8**
Other	**(51.4)**	(51.4)	**(0.2)**	**(58.4)**	(75.7)	**22.9**
Total costs	**(221.8)**	(244.6)	**9.3**	**(228.8)**	(268.9)	**14.9**

By taking early action to drive savings across the cost base, we were able to reduce adjusted operating costs by £22.8m or 9.3% to £221.8m (HY23: £244.6m). This reduction is mainly attributable to the restructure undertaken during 2023. As a result over the last 12 months headcount has reduced by 14%. Newsprint costs are also lower from reduced newsprint volumes alongside lower prices as inflation continues to unwind. Longer-term supply contracts have been negotiated to provide more stability and locked-in some of these savings.

Production and sales-related costs include production, distribution, marketing and sales related costs. Key components of 'Other' include: IT related costs £16.4m (HY23: £16.6m), Utilities, rates & other office costs £12.4m (HY23: £12.1m) and other editorial costs £9.8m (HY23: £11.4m).

Statutory costs were lower by £40.1m or 14.9% due to lower operating costs and lower adjusted items which were £17.3m lower at £7.0m.

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

	Statutory HY 2024 £m	Statutory HY 2023 £m
Provision for historical legal issues	**-**	(5.9)
Restructuring charges in respect of cost reduction measures	**(2.7)**	(10.2)
Property-related items	**2.0**	0.3
Pension administrative expenses	**(2.4)**	(2.6)
Other items	**(3.9)**	(5.9)
Operating adjusted items in statutory costs	**(7.0)**	(24.3)

The Group estimates for historical legal issues are unchanged. As a result, there is no increase in the provision relating to the costs associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering (HY23: £5.9m).

Restructuring charges of £2.7m (HY23: £10.2m) principally relate to cost management actions taken in the period.

Pension costs of £2.4m (HY23: £2.6m) comprise external pension administrative expenses.

Property-related items comprise the profit on sale of assets of £4.1m (HY23: £0.3m), less vacant freehold property-related costs of £1.1m and onerous lease and related costs of £1.0m.

Other adjusted items comprise the Group's legal fees in respect of historical legal issues (£0.3m), adviser costs in relation to the defined benefit pension schemes (£1.7m), internal pension administrative expenses (£0.2m), corporate simplification costs (£0.3m), and other restructuring administrative expenses (£0.2m), corporate simplification costs (£0.3m), and other restructuring-related project costs (£1.4m).

In the first half of 2023, other adjusted items related to the Group's legal fees in respect of historical legal issues (£4.6m), adviser costs in relation to the triennial funding valuations (£1.2m), internal pension administrative expenses (£0.3m) and corporate simplification costs (£0.2m), less a reduction in National Insurance costs relating to share awards (£0.4m).

Adjusted operating profit bridge

	Adjusted £m
HY23	36
Revenue mix	(14)
Inflation & volume	4
Efficiencies	20
Investment	(3)
Other	1
HY24	**44**

Adjusted operating profit of £44.5m was up £8.4m or 23.1%, with the actions on costs resulting in a decrease in adjusted operating costs of 9.3% more than offsetting the decline in revenue of 5.2%. Efficiencies of £20m mainly related to labour costs which were lower following the cost reduction programmes along with further property savings. Investments were made into Mantis, our AI-powered ad tech, and our US operations alongside digital product development.

Together, this meant that adjusted operating margin increased by 3.9 percentage points from 12.9% in HY23 to 16.8% in HY24.

Reconciliation of statutory to adjusted results

HY2024	Statutory results £m	Operating adjusted items £m	Pension finance charge £m	Adjusted results £m
Revenue	**265.0**	**-**	**-**	**265.0**
Operating profit	**36.8**	**7.7**	**-**	**44.5**
Profit before tax	**32.9**	**7.7**	**1.7**	**42.3**
Profit after tax	**24.6**	**5.9**	**1.3**	**31.8**
Basic earnings per share (p)	**7.8**	**1.9**	**0.4**	**10.1**

The Group excludes operating adjusted 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 historic liabilities (including historical legal and contractual issues and 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 5.

Balance sheet and cash flows

Historical legal issues provision

The historical legal issues provision relates to the cost associated with resolving civil claims in relation to historical phone hacking and unlawful information gathering. Payments of £5.2m have been made during the period. At the half year, a provision of £13.0m 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 16.

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 £42.6m from £77.1m at year end to £34.5m at the half year. The pension deficit has fallen primarily due to the £31.0m of contributions made during the period and an increase in the discount rate which has reduced the present value of the scheme liabilities, partially offset by the reduction in asset values. The triennial valuations for funding of the defined benefit pension schemes, as at 31 December 2022, have been agreed for all of the schemes.

Group contributions in respect of the remaining four defined benefit pension schemes in the first half were £31.0m (HY23: £23.3m) under the current schedule of contributions. Contributions paid to the schemes in 2024 are expected to be £61.1m under the current schedule of contributions for the four schemes.

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 was aligned to the definition of adjusted operating profit. The change was 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 HY23 of £19.3m to £38.2m.

	HY 2024 £m	HY 2023 £m
Adjusted operating profit	**44.5**	36.1
Depreciation and amortisation	**9.7**	10.3
Adjusted EBITDA	**54.2**	46.4
Working capital movement	**14.1**	1.3
Other	**0.7**	1.1
Associates	**(1.3)**	(1.3)
Adjusted cash generated from operations	**67.7**	47.5
Lease payments	**(4.4)**	(2.1)
Capital expenditure	**(5.6)**	(7.2)
Adjusted operating cash flow	**57.7**	38.2
Profit to cash ratio	**130%**	106%

During the period, adjusted operating profit was £44.5m (HY23: £36.1m) and the adjusted operating cash inflow was £57.7m (HY23: £38.2m) with a profit to cash ratio of 130% (HY23: 106%). There is an ongoing focus on cash and cash management. The improved working capital inflow is attributable to timing differences most of which we expect to unwind over the year.

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.

	HY 2024 £m	HY 2023 £m
Adjusted cash generated from operations	**67.7**	47.5
Pension payments	**(31.0)**	(23.3)
Historical legal issues	**(5.2)**	(3.5)
Restructuring	**(12.9)**	(12.1)
Capital expenditure	**(5.6)**	(7.2)
Proceeds from disposal of property	**13.1**	-
Final payment on acquisition	**-**	(7.0)
Other	**(14.2)**	(9.3)
Cash flow before returns to shareholders	**11.9**	(14.9)
Dividends paid	**(14.1)**	(14.0)
Cash flow after returns to shareholders	**(2.2)**	(28.9)
Net debt	**(12.3)**	(3.5)

Material uses for cash include pension contributions totalling £31.0m (HY23: £23.3m) and restructuring payments of £12.9m (HY23: £12.1m) which mainly relate to 2023 cost reduction programmes. The final payment on acquisition in 2023 of £7.0m relates to the Express and the Daily Star. Other comprises professional fees in respect of historical legal issues and adviser costs in relation to the defined benefit pension schemes of £2.2m (HY23: £5.8m), net lease payments of £4.4m (HY23: £2.1m), net interest paid on borrowings of £1.5m (HY23: £0.6m) and other movements which account for the balance of cash flows.

The Group paid a dividend in the period of £14.1m (HY23: £14.0m).

Cash balances

Net debt at the half year is £12.3m (inclusive of £1.9m restricted cash), an increase of £2.2m from £10.1m at the end of 2023. The Group has £25.0m drawn down on its revolving credit facility, with the overall total cash position of £12.7m at the half year. The Group has a revolving credit facility of £120.0m, which expires during November 2026.

Cash generated from operations on a statutory basis was £43.1m (HY23: £24.8m). 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 19. A reconciliation between the statutory and the adjusted cash flow is set out in note 20. The adjusted operating cash flow was £57.7m (HY23: £38.2m).

Dividends

The Board paid a final dividend for 2023 of 4.46 pence per share in May 2024. An interim dividend for 2024 of 2.88 pence per share will be paid on 20 September 2024 to shareholders on the register on 16 August 2024.

In declaring an interim dividend of 2.88 pence per share for 2024 (HY23: 2.88 pence per share), the Board has considered all investment requirements and its funding commitments to the defined benefit pension schemes.

Principal risks and uncertainties

The Group recognises the importance of the effective understanding and management of risk in enabling us to identify factors, both externally and internally, that may materially affect our ability to achieve our goals. There is an ongoing process for the identification, evaluation and management of the principal risks faced by the Group, including emerging risks. Appropriate mitigating actions are in place to minimise the impact of the risks and uncertainties which are identified as part of the risk process. All risks are considered in the context of our strategic objectives, the changing regulatory and compliance landscape and enabling the continuity of our operations.

These principal risks and uncertainties, the risk appetite in relation to these and the resulting actions are set out in the Reach plc 2023 Annual Report which is available on our website at www.reachplc.com.

The principal risks and uncertainties continue to be: deterioration in macroeconomic conditions; deceleration of digital growth alongside acceleration in decline of print revenues; cyber security breach; supply chain disruption; health and safety incident; lack of funding capability; inability to recruit and retain talent, damage to brand reputation, and data protection failure.

Going concern statement

The directors assessed the Group's prospects, both as a going concern and its longer term viability, at the time of approval of the Group's 2023 Annual Report. Further information is set out in the Reach plc 2023 Annual Report.

At the half year, the directors have reviewed the going concern assessment, specifically the continued reduction in print volumes, the impact of the sector-wide decline in referral traffic from major platforms experienced during 2023 and the benefit of stronger yields. The Group undertakes regular forecasts and projections of trading, identifying areas of focus for management to improve delivery of the Strategy. The Group has a strong balance sheet and liquidity with a cash balance of £12.7m and £25.0m drawn from its revolving credit facility which expires towards the end of 2026, with an additional £95.0m remaining available.

Accordingly, the directors have adopted the going concern basis of accounting in the preparation of the Group's half-yearly financial report.

Statement of directors' responsibilities

The directors are responsible for preparing the half-yearly financial report in accordance with applicable laws and regulations. The directors confirm to the best of their knowledge:

a) that the condensed consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

i. an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

ii. material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

By order of the Board of Directors

Darren Fisher

Chief Financial Officer 31 July 2024

Condensed consolidated interim financial statements

Consolidated income statement

for the 6 months ended 30 June 2024 (26 weeks ended 25 June 2023 and 53 weeks ended 31 December 2023)

	notes	**Adjusted 6 months ended 30 June 2024 (unaudited) £m**	**Adjusted Items 6 months ended 30 June 2024 (unaudited) £m**	**Statutory 6 months ended 30 June 2024 (unaudited) £m**	Adjusted 26 weeks ended 25 June 2023 (unaudited) £m	Adjusted Items 26 weeks ended 25 June 2023 (unaudited) £m	Statutory 26 weeks ended 25 June 2023 (unaudited) £m	Adju 53 w e Decer (aud
Revenue	4	**265.0**	**-**	**265.0**	279.4	-	279.4	5
Cost of sales		**(154.0)**	**-**	**(154.0)**	(178.4)	-	(178.4)	(34
Gross profit		**111.0**	**-**	**111.0**	101.0	-	101.0	2
Distribution costs		**(18.1)**	**-**	**(18.1)**	(19.1)	-	(19.1)	(
Administrative expenses		**(49.7)**	**(7.0)**	**(56.7)**	(47.1)	(24.3)	(71.4)	(
Share of results of associates		**1.3**	**(0.7)**	**0.6**	1.3	(0.7)	0.6	
Operating profit		**44.5**	**(7.7)**	**36.8**	36.1	(25.0)	11.1	
Interest income	6	**0.1**	**-**	**0.1**	0.6	-	0.6	
Finance costs	7	**(2.3)**	**-**	**(2.3)**	(1.9)	-	(1.9)	
Pension finance charge	13	**-**	**(1.7)**	**(1.7)**	-	(3.1)	(3.1)	
Profit before tax		**42.3**	**(9.4)**	**32.9**	34.8	(28.1)	6.7	
Tax charge	8	**(10.5)**	**2.2**	**(8.3)**	(7.6)	5.5	(2.1)	(
Profit for the period attributable to equity holders of the parent		**31.8**	**(7.2)**	**24.6**	27.2	(22.6)	4.6	
Earnings per share	Notes	**2024 Pence**		**2024 Pence**	2023 Pence		2023 Pence	P
Earnings per share - basic	10	**10.1**		**7.8**	8.7		1.5	
Earnings per share - diluted	10	**10.0**		**7.7**	8.6		1.5	

The above results were derived from continuing operations. Set out in note 18 is the reconciliation between the statutory and adjusted results.

Consolidated statement of comprehensive income

for the 6 months ended 30 June 2024 (26 weeks ended 25 June 2023 and 53 weeks ended 31 December 2023)

	6 months ended 30 June 2024	26 weeks ended 25 June 2023	53 weeks ended 31 December 2023

	notes	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Profit for the period		**24.6**	4.6	21.5
	notes	**(unaudited)**	(unaudited)	(audited)
Items that will not be reclassified to profit and loss:		**£m**	£m	£m
Actuarial gain/(loss) on defined benefit pension schemes	13	**29.8**	(7.9)	(0.5)
Tax on actuarial gain/(loss) on defined benefit pension schemes	8	**(7.5)**	2.0	0.1
Share of items recognised by associates after tax		**-**	-	0.4
Other comprehensive gain/(loss) for the period		**22.3**	(5.9)	-
Total comprehensive income/(loss) for the period		**46.9**	(1.3)	21.5

Consolidated cash flow statement

for the 6 months ended 30 June 2024 (26 weeks ended 25 June 2023 and 53 weeks ended 31 December 2023)

	notes	**6 months ended 30 June 2024 (unaudited) £m**	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Cash flows from operating activities				
Cash generated from operations	11	**43.1**	24.8	76.4
Pension deficit funding payments	13	**(31.0)**	(23.3)	(60.0)
Income tax (paid)/received		**(1.8)**	0.5	(0.5)
Net cash inflow from operating activities		**10.3**	2.0	15.9
Investing activities				
Interest received		**0.1**	0.3	0.6
Dividends received from associated undertakings		**-**	-	1.9
Proceeds on disposal of property, plant and equipment		**13.1**	0.5	0.9
Purchases of property, plant and equipment		**(0.4)**	(1.7)	(3.5)
Expenditure on capitalised internally generated development	12	**(5.2)**	(6.0)	(12.8)
Interest received on leases		**-**	0.3	0.4
Finance lease receipts		**-**	0.6	0.2
Deferred consideration payment		**-**	(7.0)	(7.0)
Net cash generated from/(used in) investing activities		**7.6**	(13.0)	(19.3)
Financing activities				
Interest and charges paid on borrowings		**(1.6)**	(0.9)	(3.1)
Dividends paid	9	**(14.1)**	(14.0)	(23.1)
Interest paid on leases		**(0.6)**	(0.5)	(1.2)
Repayments of obligations under leases		**(3.8)**	(2.5)	(4.7)
(Repayment)/drawdown of borrowings		**(5.0)**	-	15.0
Net cash used in financing activities		**(25.1)**	(17.9)	(17.1)
Net decrease in cash and cash equivalents		**(7.2)**	(28.9)	(20.5)
Cash and cash equivalents at the beginning of the period	14	**19.9**	40.4	40.4
Cash and cash equivalents at the end of the period	14	**12.7**	11.5	19.9

Consolidated statement of changes in equity

for the 6 months ended 30 June 2024 (26 weeks ended 25 June 2023 and 53 weeks ended 31 December 2023)

	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 1 January 2024 (audited)	**32.2**	**-**	**17.4**	**4.4**	**583.2**	**637.2**
Profit for the period	**-**	**-**	**-**	**-**	**24.6**	**24.6**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**22.3**	**22.3**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**46.9**	**46.9**
Credit to equity for equity-settled share-based payments	**-**	**-**	**-**	**-**	**0.9**	**0.9**
Dividends paid (note 9)	**-**	**-**	**-**	**-**	**(14.1)**	**(14.1)**
At 30 June 2024 (unaudited)	**32.2**	**-**	**17.4**	**4.4**	**616.9**	**670.9**
At 26 December 2022 (audited)	32.2	605.4	17.4	4.4	(21.9)	637.5
Profit for the period	-	-	-	-	4.6	4.6
Other comprehensive loss for the period	-	-	-	-	(5.9)	(5.9)
Total comprehensive loss for the period	-	-	-	-	(1.3)	(1.3)
Credit to equity for equity-settled share-based payments	-	-	-	-	0.9	0.9
Dividends paid	-	-	-	-	(14.0)	(14.0)
At 25 June 2023 (unaudited)	32.2	605.4	17.4	4.4	(36.3)	623.1
At 26 December 2022 (audited)	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

Credit to equity for equity-settled share-based payments					[illegible]	[illegible]
Dividends paid	-	-	-	-	(23.1)	(23.1)
Capital reduction	-	(605.4)	-	-	605.4	-
At 31 December 2023 (audited)	32.2	-	17.4	4.4	583.2	637.2

Consolidated balance sheet

at 30 June 2024 (at 25 June 2023 and 31 December 2023)

	notes	**30 June 2024 (unaudited) £m**	25 June 2023 (unaudited) £m	31 December 2023 (audited) £m
Non-current assets				
Goodwill	12	**35.9**	35.9	35.9
Other intangible assets	12	**842.5**	836.8	840.8
Property, plant and equipment		**108.7**	134.8	113.6
Right-of-use assets		**12.1**	11.7	13.0
Finance lease receivable		**-**	9.8	-
Investment in associates		**15.1**	15.2	14.5
Retirement benefit assets	13	**73.8**	56.4	66.0
		1,088.1	1,100.6	1,083.8
Current assets				
Inventories		**8.0**	12.7	11.4
Trade and other receivables		**81.1**	88.2	85.1
Current tax receivable	8	**8.3**	12.2	8.1
Finance lease receivable		**-**	0.6	-
Cash and cash equivalents	14	**12.7**	11.5	19.9
		110.1	125.2	124.5
Assets classified as held for sale	15	**2.5**	-	11.0
		112.6	125.2	135.5
Total assets		**1,200.7**	1,225.8	1,219.3
Non-current liabilities				
Trade and other payables		**-**	(2.8)	(1.1)
Lease liabilities	14	**(26.5)**	(27.0)	(28.5)
Retirement benefit obligations	13	**(119.9)**	(197.6)	(168.8)
Provisions	16	**(20.2)**	(43.7)	(26.6)
Deferred tax liabilities		**(214.1)**	(189.9)	(200.1)
		(380.7)	(461.0)	(425.1)
Current liabilities				
Trade and other payables		**(104.1)**	(104.6)	(96.2)
Borrowings		**(25.0)**	(15.0)	(30.0)
Lease liabilities	14	**(4.0)**	(4.5)	(4.7)
Provisions	16	**(16.0)**	(17.6)	(26.1)
		(149.1)	(141.7)	(157.0)
Total liabilities		**(529.8)**	(602.7)	(582.1)
Net assets		**670.9**	623.1	637.2
Equity				
Share capital	17	**32.2**	32.2	32.2
Share premium account	17	**-**	605.4	-
Merger reserve	17	**17.4**	17.4	17.4
Capital redemption reserve	17	**4.4**	4.4	4.4
Retained earnings/(accumulated loss) and other reserves	17	**616.9**	(36.3)	583.2
Total equity attributable to equity holders of the parent		**670.9**	623.1	637.2

Notes to the consolidated financial statements

for the 6 months ended 30 June 2024 (26 weeks ended 25 June 2023 and 53 weeks ended 31 December 2023)

1. General information

The financial information in respect of the 53 weeks ended 31 December 2023 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies and is available at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP and on the Company's website at www.reachplc.com. The auditors' report was unqualified, did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information for the 6 months ended 30 June 2024 and the 26 weeks ended 25 June 2023 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been audited. No statutory accounts for these periods have been delivered to the Registrar of Companies. This half-yearly financial report constitutes a dissemination announcement in accordance with Section 6.3 of the Disclosure and Transparency Rules.

The auditors, PricewaterhouseCoopers LLP, have carried out a review of the condensed consolidated interim set of financial

The auditors, PricewaterhouseCoopers LLP, have carried out a review of the condensed consolidated interim set of financial statements and their report is set out at the end of this announcement.

The half-yearly financial report was approved for issue by the directors on 31 July 2024. This announcement is available at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP and on the Company's website at www.reachplc.com.

2. Accounting policies

Basis of preparation

The Group's annual consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The condensed consolidated financial statements included in this half-yearly financial report have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. Taxes on income in the interim period are accrued using the tax rate that would be applicable to the expected total annual profit or loss for the year. There are no material changes to the nature and type of related party transactions since the 2023 Annual Report.

Going concern

The directors assessed the Group's prospects, both as a going concern and its longer term viability, at the time of approval of the Group's 2023 Annual Report. Further information is set out in the Reach plc 2023 Annual Report.

At the half year, the directors have reviewed the going concern assessment, specifically the continued reduction in print volumes, the impact of the sector-wide decline in referral traffic from major platforms experienced during 2023 and the benefit of stronger yields. The Group undertakes regular forecasts and projections of trading, identifying areas of focus for management to improve delivery of the Strategy. The Group has a strong balance sheet and liquidity with a cash balance of £12.7m. The Group has drawn £25.0m of its revolving credit facility which expires towards the end of 2026, with an additional £95.0m remaining available.

Accordingly, the directors have adopted the going concern basis of accounting in the preparation of the Group's half-yearly financial report.

Changes in accounting policy

The same accounting policies, presentation and methods of computation are followed in the condensed consolidated interim financial statements as applied in the Group's latest annual consolidated financial statements.

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, they are not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a statutory basis. Revenue trends on an actual and like-for-like basis are the same for the 6 months ended 30 June 2024. 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 18 sets out the reconciliation between the statutory and adjusted results. An adjusted cash flow is presented in note 19 which reconciles the adjusted operating profit to the net change in cash and cash equivalents. Set out in note 20 is the reconciliation between the statutory and adjusted cash flow.

Adjusted items

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. Details of adjusted items are set out in notes 5 and 18.

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 16)

The historical legal issues provision relates to the cost associated with resolving civil claims in relation to historical phone hacking and unlawful information gathering. The provision consists of known claims and the associated 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 four test claims and as a result all claims issued after 31 October 2020 are now likely to be dismissed as time barred, other than where individuals can demonstrate specific exceptional circumstances. This significantly reduced the amounts that are expected to be paid out. On 17 May 2024, the Claimants' Application for Permission to Appeal that decision was refused. This means that the Judge's ruling on limitation stands and no further appeal against it is possible. This provides us with further certainty in respect of the level of our provisioning. There have been no changes to the provision other than settlements made during the period. 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 £7m to £16m (25 June 2023: £35m to £64m and 31 December 2023: £12m to £22m). Despite making a best estimate, the timing of utilisation and ongoing legal matters related to the provided for claims could mean that the final outcome is outside of the range of outcomes.

Retirement benefits (note 13)

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 each 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. 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. For the 6 months to 30 June 2024, there have been no indicators of impairment and therefore no review has been undertaken.

Property provisions (note 16)

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 period over which the provision will be utilised.

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 16)

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.

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. On 17 May 2024, the Application for Permission to Appeal was refused by the Court of Appeal. This means that the Judge's ruling on limitation stands and no further appeal against the test claims being time barred is possible. 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

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Print	**204.0**	217.3	438.8
Circulation	**149.9**	155.4	312.5
Advertising	**32.7**	37.0	76.6
Printing	**8.8**	10.3	20.2
Other	**12.6**	14.6	29.5
Digital	**60.0**	60.8	127.4
Other	**1.0**	1.3	2.4
Total revenue	**265.0**	279.4	568.6

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

5. Operating adjusted items

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Provision for historical legal issues	**-**	(5.9)	20.2
Restructuring charges in respect of cost reduction measures (note 16)	**(2.7)**	(10.2)	(26.9)
Pension administrative expenses (note 13)	**(2.4)**	(2.6)	(5.5)
Property-related items (note 18)	**2.0**	0.3	(8.0)
Other items (note 18)	**(3.9)**	(5.9)	(9.3)
Impairment of sublease	**-**	-	(19.4)
Operating adjusted items included in administrative expenses	**(7.0)**	(24.3)	(48.9)
Operating adjusted items included in share of results of associates	**(0.7)**	(0.7)	(1.5)
Total operating adjusted items	**(7.7)**	(25.0)	(50.4)

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 18 is the reconciliation between the statutory and adjusted results which includes descriptions of the items included in adjusted items.

The Group estimates for historical legal issues are unchanged. As a result, there is no increase in the provision relating to the costs associated with resolving civil claims in relation to historical phone hacking and unlawful information gathering (26 weeks ended 25 June 2023: £5.9m increase and 53 weeks ended 31 December 2023: £20.2m decrease) (note 16).

Restructuring charges of £2.7m (26 weeks ended 25 June 2023: £10.2m and 53 weeks ended 31 December 2023: £26.9m) principally relate to cost management actions taken in the period.

Property-related items comprise the profit on sale of assets £4.1m (26 weeks ended 25 June 2023: £0.3m and 53 weeks ended 31 December 2023: £0.3m) less vacant freehold property-related costs of £1.1m (26 weeks ended 25 June 2023: £nil and 53 weeks ended 31 December 2023: £1.4m) and onerous lease and related costs of £1.0m (26 weeks ended 25 June 2023: £nil and 53 weeks ended 31 December 2023: £2.6m). 53 weeks ended 31 December 2023 also included the impairment of vacant freehold property costs of £4.3m.

Other adjusted items comprise the Group's legal fees in respect of historical legal issues (£0.3m), adviser costs in relation to the defined benefit pension schemes (£1.7m), internal pension administration expenses (£0.2m), corporate simplification costs (£0.3m), and other restructuring-related project costs (£1.4m).

In the 26 weeks ended 25 June 2023, other adjusted items comprise the Group's legal fees in respect of historical legal issues (£4.6m), adviser costs in relation to the triennial funding valuations (£1.2m), internal pension administration expenses (£0.3m), corporate simplification costs (£0.2m), less a reduction in National Insurance costs relating to share awards (£0.4m).

In the 53 weeks ended 31 December 2023, 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).

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 was impaired along with the subsequent recognition of onerous costs of £8.6m of the vacant site during 31 December 2023.

6. Interest income

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Interest income on bank deposits	**0.1**	0.3	0.6
Interest on finance lease receivable	**-**	0.3	0.4
Interest income	**0.1**	0.6	1.0

7. Finance costs

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Interest and charges on borrowings	**(1.7)**	(1.4)	(3.3)
Interest on lease liabilities	**(0.6)**	(0.5)	(1.2)
Finance costs	**(2.3)**	(1.9)	(4.5)

8. Tax charge

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Corporation tax charge for the period	**(1.8)**	(1.8)	(5.5)
Prior period adjustment	**-**	-	(1.1)
Current tax charge	**(1.8)**	(1.8)	(6.6)
Deferred tax charge for the period	**(6.5)**	(0.3)	(8.1)
Prior period adjustment	**-**	-	(1.0)
Deferred tax rate change	**-**	-	0.5
Deferred tax charge	**(6.5)**	(0.3)	(8.6)
Tax charge	**(8.3)**	(2.1)	(15.2)

Reconciliation of tax charge			
Profit before tax	**32.9**	6.7	36.7
Standard rate of corporation tax of 25.0% (2023: 23.5%)	**(8.2)**	(1.6)	(8.6)
Tax effect of permanent items that are not included in determining taxable profit	**0.1**	(0.1)	(5.8)
Variance in overseas tax rates	**0.6**	(0.5)	0.9
Impact of change in tax rates	**-**	-	0.5
Deferred tax not recognised	**(0.9)**	-	(0.4)
Prior period adjustment	**-**	-	(2.1)
Tax effect of share of results of associates	**0.1**	0.1	0.3
Tax charge	**(8.3)**	(2.1)	(15.2)

The standard rate of corporation tax for the period is 25.0% (2023: 23.5%). The current tax receivable of £8.3m (25 June 2023: £12.2m receivable and 31 December 2023: £8.1m receivable) is net of the tax provision of £23.4m (25 June 2023: £20.2m and 31 December 2023: £23.4m).

The tax on actuarial gains or losses on defined benefit pension schemes taken to the consolidated statement of comprehensive income is a deferred tax charge of £7.5m (26 weeks ended 25 June 2023: credit of £2.0m and 53 weeks ended 31 December 2023: credit of £0.1m).

9. Dividends

	6 months ended 30 June 2024 (unaudited) Pence Per share	26 weeks ended 25 June 2023 (unaudited) Pence Per share	53 weeks ended 31 December 2023 (audited) 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	4.46
Dividends paid per share - interim dividend	**-**	-	2.88
Total dividends paid per share	**4.46**	4.46	7.34

	6 months ended 30 June 2024 (unaudited) Pence Per share	26 weeks ended 25 June 2023 (unaudited) Pence Per share	53 weeks ended 31 December 2023 (audited) Pence Per share
Total dividends paid per share	**4.46**	4.46	7.34
Dividend proposed per share but not paid nor included in the accounting records	**2.88**	2.88	4.46

The Board has approved an interim dividend for 2024 of 2.88 pence per share.

On 2 May 2024, the final dividend proposed for 2023 of 4.46 pence per share was approved by shareholders at the Annual General Meeting and was paid on 31 May 2024. The total dividend payment amounted to £14.1m.

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.

	6 months ended 30 June 2024 (unaudited) Thousand	26 weeks ended 25 June 2023 (unaudited) Thousand	53 weeks ended 31 December 2023 (audited) Thousand
Weighted average number of ordinary shares for basic earnings per share	**315,171**	313,768	314,206
Effect of potential dilutive ordinary shares in respect of share awards	**3,253**	3,214	2,893
Weighted average number of ordinary shares for diluted earnings per share	**318,424**	316,982	317,099

The weighted average number of potentially dilutive ordinary shares not currently dilutive was 6,632,678 (25 June 2023: 5,614,749 and 31 December 2023: 6,328,039).

Statutory earnings per share

	6 months ended 30 June 2024 (unaudited) Pence	26 weeks ended 25 June 2023 (unaudited) Pence	53 weeks ended 31 December 2023 (audited) Pence
Earnings per share - basic	**7.8**	**1.5**	6.8
Earnings per share - diluted	**7.7**	**1.5**	6.8

Adjusted earnings per share

	6 months ended 30 June 2024 (unaudited) Pence	26 weeks ended 25 June 2023 (unaudited) Pence	53 weeks ended 31 December 2023 (audited) Pence
Earnings per share - basic	**10.1**	8.7	21.8
Earnings per share - diluted	**10.0**	8.6	21.6

Set out in note 18 is the reconciliation between the statutory and adjusted results.

11. Cash generated from operations

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Operating profit	**36.8**	11.1	46.1
Depreciation of property, plant and equipment	**4.8**	6.9	13.9
Depreciation of right-of-use assets	**1.4**	1.3	2.8
Amortisation of other intangible assets	**3.5**	2.1	4.9
Share of results of associates	**(0.6)**	(0.6)	(1.4)
Share-based payments charge	**0.9**	0.9	1.3
Impairment of property, plant and equipment	**-**	-	4.7
Impairment of right-of-use assets	**0.6**	0.2	1.3
Profit on disposal of property, plant and equipment	**(4.1)**	(0.3)	(0.3)
Pension administrative expenses and past service costs	**2.4**	2.6	5.5
Impairment of finance lease receivable	**-**	-	10.8
Operating cash flows before movements in working capital	**45.7**	24.2	89.6
Decrease in inventories	**3.4**	0.2	1.5
Decrease in receivables	**3.7**	6.9	9.5
Decrease in payables	**(9.7)**	(6.5)	(24.2)
Cash generated from operations	**43.1**	24.8	76.4

12. Goodwill and other intangible assets

		Other intangible assets		
	Goodwill £m	**Publishing rights and titles £m**	**Internally generated assets £m**	**Total £m**
Cost				
At 1 January 2024 (audited)	189.9	2,100.3	29.5	2,319.7
Additions	-	-	5.2	5.2
At 30 June 2024 (unaudited)	**189.9**	**2,100.3**	**34.7**	**2,324.9**

Accumulated amortisation and impairment				
At 1 January 2024 (audited)	(154.0)	(1,281.6)	(7.4)	(1,443.0)
Charge for the period	-	-	(3.5)	(3.5)
At 30 June 2024 (unaudited)	**(154.0)**	**(1,281.6)**	**(10.9)**	**(1,446.5)**
Carrying amount				
At 31 December 2023 (audited)	35.9	818.7	22.1	876.7
At 30 June 2024 (unaudited)	**35.9**	**818.7**	**23.8**	**878.4**

During the period, the Group capitalised internally generated assets relating to software and website development costs of £5.2m (26 weeks ended 25 June 2023: £6.0m and 53 weeks ended 31 December 2023: £12.8m). 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. No indicators have been identified as at 30 June 2024. The last annual impairment test was undertaken as at 31 December 2023. The details of the impairment assessment are included in note 16 of the 2023 Annual Report.

13. 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 period of £7.8m (26 weeks ended 25 June 2023: £8.7m and 53 weeks ended 31 December 2023: £17.3m) 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 11.5 years. Uninsured pension payments in 2023, excluding lump sums and transfer value payments, were £75m and these are projected on the prior reporting date assumptions 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 (where applicable). The latest valuation date for the schemes was 31 December 2022. The ENSM Scheme commenced winding up in February 2024.

The funding valuation of the MGN Scheme at 31 December 2022 was agreed on 9 October 2023. This showed a deficit of £219.0m. The Group paid contributions of £23.0m to this scheme in the first half of 2024 and the agreed schedule of contributions includes payments of £46.0m per annum (pa) from 2024 until January 2028.

The funding valuation of the Trinity Scheme at 31 December 2022 was agreed on 28 March 2024. This showed a deficit of £5.8m. The Group paid contributions of £3.1m to this scheme in the first half of 2024, including a one-off contribution to the Scheme to meet certain costs incurred by the Trustee in connection with the valuation of the Scheme as at 31 December 2019, and agreed a schedule of contributions of payments of £5.2m pa to 31 March 2024 and £4.5m pa from 1 April 2024 to 31 December 2027, or if earlier, until the Scheme has reached 100% funding on the technical provisions basis.

The funding valuation of the MIN Scheme at 31 December 2022 was agreed on 28 March 2024. This showed a deficit of £53.3m. The Group paid contributions of £4.9m to this scheme in the first half of 2024 and the agreed schedule of contributions features payments of £9.7m pa from 2024 to 2025, £10.6m pa in 2026 and 2027 and £11.4m in 2028.

The funding valuation of the EN88 Scheme at 31 December 2022 was agreed on 27 March 2024. This showed a surplus of £2.0m. 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. On finalisation of the 2022 valuation it was agreed that on and from 1 April 2024, the Company shall make a cash payment, on the last business day of each calendar month, to the separate bank account of an amount equal to £1.0m divided by 12 (being £83,333.33), until the Scheme has attained Long-Term Funding Basis or 31 December 2027. During the first half of 2024, £1.0m of payments were made into the bank account.

During 2022, the Trustees of the ENSM Scheme purchased a bulk annuity at no cost to the Group. The Trustee of the ENSM Scheme subsequently converted this to a buy out policy on 28 February 2024, converting all pension liabilities previously covered by the buy in into individual annuity policies between the insurer and former scheme members, with the value of the insured liability and assets removed from the balance sheet. The residual cash held by the ENSM Scheme is currently held as a surplus until all the costs of the transaction are known.

The funding valuation of the WF Scheme at 31 December 2022 was agreed on 27 March 2024. This showed neither surplus nor deficit. The company ceased deficit funding payments to the WF Scheme in 2021 which together with a one off payment enabled the Trustees to purchase a bulk annuity and the scheme now has all pension liabilities covered by annuity policies and no further funding is expected.

Group contributions paid in respect of the defined benefit pension schemes in the period were £31.0m (2023 H1: £23.3m). £30.1m of Group contributions relating to these schemes are due to be paid in the second half of the year.

Following the completion of the funding valuations, the funding deficits in the MIN, MGN and Trinity schemes were expected to be removed before or around 2028 by a combination of the contributions and asset returns. Contributions (which include funding for pension administrative expenses) are payable monthly. Contributions to be paid per the current schedule of contributions are £61.1m in 2024, £60.3m in 2025, £61.1m pa in 2026 and 2027, and £15.3m in 2028.

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 the schemes undertake more detailed member calculations, as guidance is issued and/or as a result of future legal judgements.

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 14% 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 97% 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 3% 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 Trinity Scheme, the EN88 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 prior 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 31 January 2028 for the MGN Scheme and 31 December 2028 for the MIN Scheme. For the MGN Scheme and MIN Scheme, actuarial projections at the prior reporting date show removal of the accounting deficit by the end of 2026 for MGN and 2029 for MIN due to scheduled contributions and asset returns at the target rate assumed at the last reporting date. From this point, the assets are projected to be sufficient to fully fund the liabilities on the accounting basis. Subsequent to the buy out, the ENSM Scheme has a £0.2m surplus of cash recognised on the Balance Sheet. The Group is not exposed to any unusual, entity specific or scheme specific risks. There were no plan amendments, settlements or curtailments in the current and prior period 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 Court of Appeal has since confirmed the High Court's judgment (in July 2024). The Trustees and Group are monitoring developments and will consider if there are any implications for the pension schemes.

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 30 June 2024.

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

	30 June	25 June	31 December

	2024	2023	2023
	£m	£m	£m
Financial assumptions (nominal % pa)			
Discount rate	**5.20**	5.38	4.62
Retail price inflation rate	**3.22**	3.29	3.08
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	1.0% pa lower than RPI to 2030 and equal to RPI thereafter
Rate of pension increases in deferment	**2.89**	2.92	2.71
Rate of pension increases in payment	**3.38**	3.39	3.34
Mortality assumptions - future life expectancies from age 65 (years)			
Male currently aged 65	**21.3**	21.3	21.4
Female currently aged 65	**23.3**	23.7	23.7
Male currently aged 55	**21.0**	20.9	21.0
Female currently aged 55	**24.1**	24.1	24.2

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 the 2023 year-end and 2024 half year, the financial assumptions have been derived as a yield curve with different rates per year, with the figures in the tables 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 the 2023 year-end and 2024 half year, the discount rate has been set to reflect the full corporate bond yield curve.

The inflation assumptions are based on market expectations over the period of the liabilities. For the 2023 year-end and 2024 half year, 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.

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	-165/+195	-140/+170
Retail price inflation rate +/- 0.5% pa	+21/-21	+13/-13
Consumer price inflation rate +/- 0.5% pa	+21/-19	+20/-18
Life expectancy at age 65 +/- 1 year	+75/-75	+60/-60

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	**6 months ended 30 June 2024 (unaudited) £m**	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Pension administrative expenses	**(2.4)**	(2.6)	(5.5)
Pension finance charge	**(1.7)**	(3.1)	(5.9)
Defined benefit cost recognised in income statement	**(4.1)**	(5.7)	(11.4)

Consolidated statement of comprehensive income	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Actuarial gain/(loss) due to liability experience	**6.6**	(16.9)	14.1
Actuarial gain/(loss) due to liability assumption changes	**116.9**	125.3	(6.9)
Total liability actuarial gain	**123.5**	108.4	7.2
Returns on scheme assets less than discount rate	**(93.7)**	(116.7)	(8.7)
Impact of IFRIC 14	**-**	0.4	1.0
Total gain/(loss) recognised in statement of comprehensive income	**29.8**	(7.9)	(0.5)

Consolidated balance sheet	30 June 2024 (unaudited) £m	25 June 2023 (unaudited) £m	31 December 2023 (audited) £m
Present value of uninsured scheme liabilities	**(1,439.9)**	(1,475.2)	(1,557.7)
Present value of insured scheme liabilities	**(242.8)**	(268.4)	(277.9)
Total present value of scheme liabilities	**(1,682.7)**	(1,743.6)	(1,835.6)
Invested and cash assets at fair value	**1,394.0**	1,334.8	1,455.1
Value of liability matching insurance contracts	**242.8**	268.4	277.9
Total fair value of scheme assets	**1,636.8**	1,603.2	1,733.0
Funded deficit	**(45.9)**	(140.4)	(102.6)
Impact of IFRIC 14	**(0.2)**	(0.8)	(0.2)
Net scheme deficit	**(46.1)**	(141.2)	(102.8)
Non-current assets - retirement benefit assets	**73.8**	56.4	66.0
Non-current liabilities - retirement benefit obligations	**(119.9)**	(197.6)	(168.8)
Net scheme deficit	**(46.1)**	(141.2)	(102.8)
Net scheme deficit included in consolidated balance sheet	**(46.1)**	(141.2)	(102.8)
Deferred tax included in consolidated balance sheet	**11.6**	34.8	25.7
Net scheme deficit after deferred tax	**(34.5)**	(106.4)	(77.1)

Movement in net scheme deficit	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Opening net scheme deficit	**(102.8)**	(150.9)	(150.9)
Contributions	**31.0**	23.3	60.0
Consolidated income statement	**(4.1)**	(5.7)	(11.4)
Consolidated statement of comprehensive income	**29.8**	(7.9)	(0.5)
Closing net scheme deficit	**(46.1)**	(141.2)	(102.8)

Changes in the present value of scheme liabilities	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Opening present value of scheme liabilities	**(1,835.6)**	(1,860.0)	(1,860.0)
Interest cost	**(41.0)**	(44.2)	(88.5)
Actuarial gain/(loss) - experience	**6.6**	(16.9)	14.1
Actuarial gain - change to demographic assumptions	**17.8**	32.2	35.7
Actuarial gain/(loss) - change to financial assumptions	**99.1**	93.1	(42.6)
Benefits paid	**53.7**	52.2	105.7
Bulk transfer due to buy out	**16.7**	-	-
Closing present value of scheme liabilities	**(1,682.7)**	(1,743.6)	(1,835.6)

Changes in impact of IFRIC 14	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Opening impact of IFRIC 14	**(0.2)**	(1.2)	(1.2)
Decrease in impact of IFRIC 14	**-**	0.4	1.0
Closing impact of IFRIC 14	**(0.2)**	(0.8)	(0.2)

Changes in the fair value of scheme assets	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m

Opening fair value of scheme assets	**1,733.0**	1,710.3	1,710.3
Interest income at discount rate	**39.3**	41.1	82.6
Actual return on assets less than discount rate	**(93.7)**	(116.7)	(8.7)
Contributions by employer	**31.0**	23.3	60.0
Benefits paid	**(53.7)**	(52.2)	(105.7)
Administrative expenses	**(2.4)**	(2.6)	(5.5)
Bulk transfer due to buy out	**(16.7)**	-	-
Closing fair value of scheme assets	**1,636.8**	1,603.2	1,733.0

Fair value of scheme assets	**30 June 2024 (unaudited) £m**	25 June 2023 (unaudited) £m	31 December 2023 (audited) £m
UK equities	**3.1**	9.8	2.2
Other overseas equities	**32.8**	65.7	32.5
Property	**27.9**	29.7	28.3
Corporate bonds	**267.5**	365.8	279.0
Fixed interest gilts	**4.0**	6.2	1.1
Liability driven investment	**968.6**	587.8	1,029.2
Cash and other	**90.1**	269.8	82.8
Invested and cash assets at fair value	**1,394.0**	1,334.8	1,455.1
Value of insurance contracts	**242.8**	268.4	277.9
Fair value of scheme assets	**1,636.8**	1,603.2	1,733.0

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.

14. Net debt

The net debt for the Group is as follows:

				IFRS 16 lease liabilities movement			
	1 January 2024 £m	**Cash flow £m**	**Loan repayment £m**	**Interest £m**	**New Leases £m**	**Other movements £m**	**30 June 2024 £m**
Liabilities from financing activities							
Borrowings	(30.0)	-	5.0	-	-	-	**(25.0)**
Lease liabilities	(33.2)	4.4	-	(0.6)	(0.7)	(0.4)	**(30.5)**
	(63.2)	4.4	5.0	(0.6)	(0.7)	(0.4)	**(55.5)**
Current assets							
Cash and cash equivalents	19.9	(2.2)	(5.0)	-	-	-	**12.7**
Net debt less lease liabilities	(43.3)						**(42.8)**
Net debt	(10.1)	(2.2)	-	-	-	-	**(12.3)**

The cash and cash equivalents disclosed above and in the statement of cash flows include £1.9m of restricted cash relating to potential pension contributions to the EN88 Scheme if the funding is deemed required (note 13). 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 £25.0m 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.

15. Assets classified as held for sale

At 30 June 2024, two properties were recognised as assets classified as held for sale with a total carrying value of £2.5m. The properties are measured at the lower of their carrying amount and fair value less costs to sell. The fair value was determined by the sale price or the value of offers received on the property.

Of the three properties classified as held for sale at 31 December 2023, two of these properties have been sold in the first half of 2024. The third property is expected to complete within the second half of 2024.

16. Provisions

	Share-based payments £m	**Property £m**	**Restructuring £m**	**Historical legal issues £m**	**Other £m**	**Total £m**
At 1 January 2024 (audited)	(0.5)	(19.1)	(12.7)	(18.2)	(2.2)	(52.7)
Charged to income statement	(0.2)	-	(2.7)	-	(0.1)	(3.0)
Utilisation of provision	0.1	1.2	12.9	5.2	0.1	19.5
At 30 June 2024 (unaudited)	**(0.6)**	**(17.9)**	**(2.5)**	**(13.0)**	**(2.2)**	**(36.2)**

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

	30 June 2024 (unaudited) £m	25 June 2023 (unaudited) £m	31 December 2023 (audited) £m
Current	**(16.0)**	(17.6)	(26.1)
Non-current	**(20.2)**	(43.7)	(26.6)
	(36.2)	(61.3)	(52.7)

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 charge of £2.7m principally relates to cost management actions taken in the period (note 5). The restructuring provision is expected to be utilised within the next year.

The historical legal issues provision relates to the cost associated with resolving civil claims in relation to historical phone hacking and unlawful information gathering. The provision consists of known claims and 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. The known and common costs provision is calculated using the most likely outcome method.

At the period end, a provision of £13.0m 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 £7m to £16m (25 June 2023: £35m to £64m and 31 December 2023: £12m to £22m). 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.

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.

17. Share capital and reserves

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

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 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.

The Company holds 4,043,503 shares (25 June 2023: 4,314,917 shares and 31 December 2023: 4,110,884 shares) as Treasury shares. During the first half of the year, 67,076 shares were withdrawn from Treasury to satisfy the vesting of buy-out awards granted in 2023.

Cumulative goodwill written off to retained earnings/(accumulated loss) and other reserves in respect of continuing businesses acquired prior to 1998 is £25.9m (25 June 2023: £25.9m and 31 December 2023: £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 retained earnings/(accumulated loss) and other reserves.

Shares purchased by the Reach Employee Benefit Trust are included in retained earnings/(accumulated loss) and other reserves at £2.7m (25 June 2023: £3.4m and 31 December 2023: £3.8m). During the period, 1,063,487 were released relating to grants made in prior years (25 June 2023: 1,025,833 and 31 December 2023: 1,229,928).

During the period, awards relating to 2,112,984 shares were granted to executive directors on a discretionary basis under the Long Term Incentive Plan (25 June 2023: 1,623,678 and 31 December 2023: 1,623,678). 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 3,919,926 shares were granted to senior managers on a discretionary basis under the Long Term Incentive Plan under the Senior Management Incentive Plan (25 June 2023: 2,967,720 and 31 December 2023: 3,085,852). 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 period, no awards relating to shares were granted to executive directors under the Restricted Share Plan (25 June 2023 and 31 December 2023: nil shares).

18. Reconciliation of statutory to adjusted results

6 months ended 30 June 2024 (unaudited)

	Statutory results £m	Operating adjusted items (a) £m	Pension finance charge (b) £m	Adjusted results £m
Revenue	**265.0**	**-**	**-**	**265.0**
Operating profit	**36.8**	**7.7**	**-**	**44.5**
Profit before tax	**32.9**	**7.7**	**1.7**	**42.3**
Profit after tax	**24.6**	**5.9**	**1.3**	**31.8**
Basic earnings per share (p)	**7.8**	**1.9**	**0.4**	**10.1**

26 weeks ended 25 June 2023 (unaudited)

	Statutory results £m	Operating adjusted items (a) £m	Pension finance charge (b) £m	Adjusted results £m
Revenue	279.4	-	-	279.4
Operating profit	11.1	25.0	-	36.1
Profit before tax	6.7	25.0	3.1	34.8
Profit after tax	4.6	20.2	2.4	27.2
Basic earnings per share (p)	1.5	6.4	0.8	8.7

53 weeks ended 31 December 2023 (audited)

	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

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

(b) Pension finance charge relating to the defined benefit pension schemes as set out in note 13.

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 historic 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.

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.

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 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, the past service costs and the pension finance charge are included in adjusted items as the amounts are significant and they relate to the historical pension commitment.

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 or when a decision is reversed. The impact 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.

Also included in adjusted items in the six months ended 30 June 2024 are vacant freehold property-related costs (£1.1m), onerous lease and related costs (£1.0m), the Group's legal fees in respect of historical legal issues (£0.3m), adviser costs in relation to the triennial funding valuations (£1.7m), internal pension administration expenses (£0.2m), corporate simplification costs (£0.3m), and other restructuring-related project costs (£1.4m) less the profit on sale of assets (£4.1m).

Also included in adjusted items in the 26 weeks ended 25 June 2023 are the Group's legal fees in respect of historical legal issues (£4.6m), adviser costs in relation to the triennial funding valuations (£1.2m), internal pension administration expenses (£0.3m) and corporate simplification costs (£0.2m), less a reduction in National Insurance costs relating to share awards (£0.4m) and the profit on sale of impaired assets (£0.3m).

Also included in adjusted items in the 53 weeks to 31 December 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, 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).

19. Adjusted cash flow

	6 months ended 30 June 2024 (unaudited) £m	26 weeks ended 25 June 2023 (unaudited) £m	53 weeks ended 31 December 2023 (audited) £m
Adjusted operating profit	**44.5**	36.1	96.5
Depreciation and amortisation	**9.7**	10.3	21.6
Adjusted EBITDA	**54.2**	46.4	118.1
Working Capital Movements	**14.1**	1.3	(3.9)
Net capital expenditure	**(5.6)**	(7.2)	(15.4)
Net interest paid on leases	**(0.6)**	(0.2)	(0.8)
Finance lease receipts	**-**	0.6	0.2
Repayment of obligation under leases	**(3.8)**	(2.5)	(4.7)
Other	**0.7**	1.1	1.3
Associates	**(1.3)**	(1.3)	(2.9)
Adjusted operating cash flow	**57.7**	38.2	91.9
Net interest and charges paid on borrowings	**(1.5)**	(0.6)	(2.5)
Income tax (paid/received)	**(1.8)**	0.5	(0.5)
Restructuring payments	**(12.9)**	(12.1)	(18.8)
Historical legal issues payments	**(5.2)**	(3.5)	(4.6)
Proceeds from disposal of property	**13.1**	-	-
Dividends payments	**(14.1)**	(14.0)	(23.1)
Pension funding payments	**(31.0)**	(23.3)	(60.0)
Dividends received from associated undertakings	**-**	-	1.9
Legal fee payments in respect of historical legal issues	**(0.5)**	(4.6)	(5.3)
Adviser cost payments in relation to triennial funding valuations	**(1.7)**	(1.2)	(2.5)
Other adjusted items payments	**(4.3)**	(1.3)	(5.0)
Adjusted net cash flow	**(2.2)**	(21.9)	(28.5)
Bank facility (repayment)/drawdown	**(5.0)**	-	15.0
Acquisition-related cash flows	**-**	(7.0)	(7.0)
Net decrease in cash and cash equivalents	**(7.2)**	(28.9)	(20.5)

Adjusted operating cash flow was aligned to the definition of adjusted operating profit as at 31 December 2023. The change was 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 26 weeks ended 25 June 2023 from £18.9m to £38.2m.

20. Reconciliation of statutory to adjusted cash flow

6 months ended 30 June 2024	**Statutory 2024 £m**	**(a) £m**	**(b) £m**	**Adjusted 2024 £m**	
Cash flows from operating activities					
Cash generated from operations	**43.1**	**(10.0)**	**24.6**	**57.7**	Adjusted operating cash flow
Pension deficit funding payments	**(31.0)**	-	-	**(31.0)**	Pension funding payments
	-	-	**(12.9)**	**(12.9)**	Restructuring payments
	-	-	**(5.2)**	**(5.2)**	Historical legal issues payments
	-	-	**(0.5)**	**(0.5)**	Legal fee payments in respect of historical legal issues
	-	-	**(1.7)**	**(1.7)**	Adviser cost payments in relation to triennial funding valuations
	-	-	**(4.3)**	**(4.3)**	Other adjusted items payments
Income tax received	**(1.8)**	-	-	**(1.8)**	Income tax received
Net cash inflow from operating activities	**10.3**				
Investing activities					
Interest received	**0.1**	-	-	**0.1**	Net interest and charges paid on bank borrowings
Dividends received from associated undertakings	**-**	-	-	-	Dividends received from associated undertakings
Proceeds on disposal of property, plant and equipment	**13.1**	**-**	-	**13.1**	Proceeds from disposal of property
Purchases of property, plant and equipment	**(0.4)**	**0.4**	-	-	Net capital expenditure
Expenditure on capitalised internally generated development	**(5.2)**	**5.2**	-	-	Net capital expenditure
Deferred consideration payment	**-**	-	-	**-**	Acquisition-related cash flow
Net cash used in investing activities	**7.6**				
Financing activities					
Interest and charges paid on borrowings	**(1.6)**	-	-	**(1.6)**	Net interest and charges paid on bank borrowings
Dividends paid	**(14.1)**	-	-	**(14.1)**	Dividends paid
Interest paid on leases	**(0.6)**	**0.6**	-	-	Net interest paid on leases
Repayment of obligations under leases	**(3.8)**	**3.8**	-	-	Repayment of obligation under leases
Repayment of borrowings	**(5.0)**	**-**	**-**	**(5.0)**	Repayment of borrowings
Net cash used in financing activities	**(25.1)**				
Net decrease in cash and cash equivalents	**(7.2)**	-	-	**(7.2)**	

(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.

26 weeks ended 25 June 2023	Statutory 2023 £m	(a) £m	(b) £m	Adjusted 2023 £m	
Cash flows from operating activities					
Cash generated from operations	24.8	(9.3)	22.7	38.2	Adjusted operating cash flow
Pension deficit funding payments	(23.3)	-	-	(23.3)	Pension funding payments
	-	-	(12.1)	(12.1)	Restructuring payments
	-	-	(3.5)	(3.5)	Historical legal issues payments
	-	-	(4.6)	(4.6)	Legal fee payments in respect of historical legal issues
	-	-	(1.2)	(1.2)	Adviser cost payments in relation to triennial funding valuations
	-	-	(1.3)	(1.3)	Other adjusted items payments
Income tax received	0.5	-	-	0.5	Income tax received
Net cash inflow from operating activities	2.0				
Investing activities					
Interest received	0.3	-	-	0.3	Net interest and charges paid on bank borrowings
Dividends received from associated undertakings		-	-	-	Dividends received from associated undertakings
Proceeds on disposal of property, plant and equipment	0.5	(0.5)	-	-	Net capital expenditure
Purchases of property, plant and equipment	(1.7)	1.7	-	-	Net capital expenditure
Expenditure on capitalised internally generated development	(6.0)	6.0	-	-	Net capital expenditure
Interest received on leases	0.3	(0.3)	-	-	Net interest paid on leases
Finance lease receipts	0.6	(0.6)	-	-	Finance lease receipts
Deferred consideration payment	(7.0)	-	-	(7.0)	Acquisition-related cash flow
Net cash used in investing activities	(13.0)				
Financing activities					
Interest and charges paid on borrowings	(0.9)	-	-	(0.9)	Net interest and charges paid on bank borrowings
Dividends paid	(14.0)	-	-	(14.0)	Dividends paid
Interest paid on leases	(0.5)	0.5	-	-	Net interest paid on leases
Repayment of obligations under leases	(2.5)	2.5	-	-	Repayment of obligation under leases
Net cash used in financing activities	(17.9)				
Net decrease in cash and cash equivalents	(28.9)	-	-	(28.9)	

(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.

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.

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Reach plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of Reach plc for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Consolidated balance sheet as at 30 June 2024;
- the Consolidated income statement and the Consolidated statement of comprehensive income for the period then ended;
- the Consolidated cash flow statement for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of Reach plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants

London

31 July 2024

IR KZGFNRGRGDZM