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STV Group PLC
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STV Group plc Interim Results for the 6 months ended 30 June 2024

Strong revenue and profit growth; successful Studios investment strategy continues

Highlights

- Total revenue +20% and adjusted operating profit +33% (compared to H1 2023)
    - Statutory operating profit £6.5m (2023: nil)
- Growth strategy continues to deliver:
    - Studios revenue +38% with improved forward order book of £101m
    - Digital pre-commission sales +14% with strong profit margin maintained
    - Broadcast revenue +12% and adjusted operating profit +47%
- Improved advertising market in H1 with total advertising revenue (pre commission) +13%; Q3 expected to be up low single digit year on year
- Incremental investment in producer *Hello Halo* (from 30% to 51%) completed 30 August; deal is earnings-enhancing from day 1
- Good on-screen performance in H1, boosted by Euro 2024
- Board proposes interim dividend of 3.9p, in line with 2023

Financial Summary - 6 months to 30 June	**2024**	2023	vs 2023
Revenue	**£90.4m**	£75.3m	+20%
Total advertising revenue (pre commission)	**£51.9m**	£45.8m	+13%
Operating profit	**£6.5m**	-	+100%
Adjusted operating profit*	**£10.6m**	£8.0m	+33%
Profit after tax	**£7.1m**	£3.3m	+115%
Statutory basic EPS	**12.4p**	7.2p	+72%
Adjusted basic EPS*	**15.5p**	14.8p	+5%
Net debt+	**£28.0m**	£16.3m	+£11.7m
Dividend per share	**3.9p**	3.9p	flat

* *For reconciliation of adjusted to statutory measures see note 8*
\+ *Excluding lease liabilities (see note 20)*
From the date of acquisition, Two Cities Television Limited and subsidiary undertakings contributed £18.5m of revenue and £1.4m of adjusted operating profit to the Group's results.

Financial highlights

- Total revenue of £90.4m, +20% on 2023, driven by acquisition-related growth in Studios and an

improving advertising market
- Group adjusted operating profit of £10.6m, +33% on 2023, as Broadcast profitability bounces back and Studios and Digital margins both maintained
- Total advertising revenue (pre commission) of £51.9m, +13%
- Studios revenue of £37.5m, +38%, with adjusted operating profit of £0.1m, in line with H1 2023, due to drama activity and performance of acquired production companies, with strong H2 profitability from expected seasonal second-half weighting
- Digital pre-commission sales of £11.5m, +14% with digital adjusted operating profit flat at £5.0m and operating margin of 49%
- Regional advertising revenue up 1% at £7.4m, with core Scottish SME advertising +12%
- Cost savings of £0.7m in H1; on track to achieve £1.5m target for full year 2024
- Good progress made towards agreeing 2023 pension triennial valuation; expect to conclude shortly
- Net debt of £28.0m, down on the opening position of £32.3m at start of period

Good audience performance
- STV & STV Player combined still the clear number 1 for commercial audiences in Scotland
  - 21% share of total peak commercial audience in H1 2024, +1% on 2023 (vs Netflix 12%, Sky 8% and C4 6%)
  - 495 of top 500 commercial audiences were on STV in H1 2024 (99%)
- STV was the most watched peaktime TV channel in Scotland for the 7th first half-year in a row with a viewing share of 22.2%
  - Average STV viewer spends 1 hour 45 minutes with the channel each day
  - *Mr Bates vs The Post Office* was the biggest drama launch across all channels and streamers in H1
  - STV's Euros coverage tracked 3 share points ahead of ITV, with Germany vs Scotland peaking at 1.38m viewers, the largest audience of 2024 on any channel

Continued strategic momentum and execution
- **Studios**: STV Studios growing in a tough market, with investment strategy delivering tangible results:
  - Increased stake (30 Aug 24) from 30% to 51% in profitable, Glasgow-based unscripted formats creator *Hello Halo,* with strong return on invested capital expected in the short-term
  - Benefits of Studios portfolio strategy being accelerated, with stakes increased in five high potential creative labels in the last 6 months, while exiting four others
  - Greenbird integration predominantly complete delivering £1m p.a. synergies
  - 36 new programme commissions so far in 2024, 7 more than in H1 2023
  - Includes high value recommissions of *Criminal Record* (Apple TV+), *Blue Lights* series 3&4 (BBC) and *The Fortune Hotel* (ITV1)
  - Strongest ever Studios forward order book of £101m at end July 2024, +£15m since end May
    - Revenue of £19m recognised over June/July with future revenue associated with commissioning wins in same period of £34m

- **Digital**: STV Player delivered its most successful first half ever, driven by Euro 2024:
  - Online streams of 73m, +4%, with online consumption of 34m hours, down 5% due to lower drama hours
  - VOD advertising revenue +13%, showing benefits of new ITV partnership
  - Digital live viewing +33%; 18-34 streams +35%; male streams +23%
  - Active registered users of 1.6m, +33%, and STV Player VIP users +19%
  - Continued strong performance of STV 3rd party content, with new 10-show deal in place with Disney and over 20m *Brookside* streams since launch
  - UK Government Media Act now enshrined in law and will guarantee prominence for STV Player on all major digital platforms

- **Scottish advertising:** Back to growth in H1, with SME advertising up strongly
  - Scottish regional advertising +1%, with SME advertising +12%
  - SMEs now 94% of total regional ad spend, up 9% from H1 2023 (Scottish Govt. now only 6% of spend)
  - Scottish VOD revenue +13% in H1, with 60% of brands combining linear and VOD, showing strength of combined sell
  - 400+ new advertisers attracted to STV since launch of *STV Growth Fund*

- **On track to deliver new 3 year strategy and targets**: Next-phase strategic plan announced in March 2024 to drive STV's profitable growth, with strategic objectives focusing on four key areas:
  - **CONTENT**: Accelerate UK and international Studios growth
  - **AUDIENCE**: Drive streaming growth and maximise total STV viewing
  - **MONETISATION**: Maintain advertising leadership and grow new revenues
  - **ORGANISATION**: Modernise and simplify business for digital-first world
- New financial targets by the end of 2026 will see STV:
  - Double Studios revenues to £140m with a target to achieve a 10% margin
  - Grow Digital revenues by a further 50% to £30m* at a margin of at least 40%
  - Increase international revenues to 15% of Group / 25% of Studios
  - Achieve a further £5m p.a. savings in STV's cost base

* before commission

Outlook

- Advertising market showing good growth so far in 2024
  - Strong H1 TAR +13%
  - Q3 TAR expected to be up low single digits year on year
  - Q4 comparator includes RWC in 2023

- Studios forward order book stronger than ever
  - £101m secured revenue at end July 2024, +£15m since May
  - Full year Studios performance expected to be ahead of 2023

- Cost savings plan on track
  - On course to meet £1.5m target for 2024
  - Clear line of sight to achieve run rate of £5m p.a. by 2026

Dividend

- The Board proposes an interim dividend of 3.9p per share, in line with H1 2023, after considering all relevant factors including ongoing macroeconomic uncertainty
- The Board remains committed to a balanced approach to capital allocation across investing for growth, fulfilling our pension obligations, and paying a sustainable, progressive dividend to shareholders

Simon Pitts, Chief Executive, commented:

"Over the last 6 years STV has been successfully transformed into a digital-first media company with a high-growth streaming service and one of the UK's leading television production groups. This strong progress continues in 2024, with revenue and profit both up materially in the first half, reflecting our audience performance, the improving advertising market, and our creative strength in STV Studios, as we continue the successful execution of our growth plan.

Our production investment strategy is delivering tangible results, with STV Studios continuing its strong revenue growth in the first half, and we have today announced an exciting new deal to take majority control of profitable unscripted formats creator, Hello Halo. With high value recommissions of series like Criminal Record for Apple TV+ and The Fortune Hotel for ITV also secured, we have our strongest ever future order book in Studios at £101m in programme commissions.

Our audience position remains unrivalled, with STV again the most-watched peaktime TV channel in Scotland, ahead of BBC1, and with nearly double the audience share of Netflix. Euro 2024 was a major audience and commercial success, propelling STV Player to its most successful first half-year ever in terms of streams and delivering the most watched TV moment of the year so far, with the Germany vs Scotland opening game peaking at 1.38m viewers in Scotland.

We are on track to deliver our stretching new growth targets out to 2026, and with a fantastic team in place I'm confident Rufus Radcliffe and the Board will take the business to new heights in the years ahead."

There will be a presentation for analysts today, 3 September 2024, at 12.30 pm, via Zoom. Should you wish to attend the presentation, please contact Angela Wilson, angela.wilson@stv.tv or telephone: 0141 300 3000.

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Financial and operating review

Group overview

Total revenue increased by 20% to £90.4m (2023: £75.3m), with growth driven primarily by the Studios division, which saw an increase in revenue of £10.3m following positive contributions from Greenbird Media and Two Cities Television. Total advertising revenues (before commission) of £51.9m were up 13% (2023: £45.8m) which reflects the momentum gained in the period, boosted by Euro 2024, set against an H1 2023 that was heavily impacted by the challenging macro-economic environment.

Adjusted operating profit of £10.6m was up 33% year on year as Broadcast profitability rebounded positively following a period of improvement in the advertising markets, with Studios and Digital margins both maintained. The Group realised cost savings of £0.7m in H1 and is on track to achieve the £1.5m target for the full year, as guided.

The adjusted operating profit performance is before adjusting items of £1.8m for costs relating to acquisition and integration activities, and those incurred in execution of the Group's cost savings plan. This figure also includes a proportion of the earn-out payable to the founders of Greenbird based on anticipated full year 2024 performance, and the amortisation charged on acquisition intangibles. The adjusted operating profit also includes £2.3m for High-End Television (HETV) tax credits, a claim that was made prior to the introduction of the new Audio-Visual Expenditure Credits regime at the start of the year. Under this new regime, the amount claimed is an above the line credit and so this will no longer be an adjusting item going forward. On a statutory basis, the Group generated £6.5m operating profit in the period (2023: nil).

Total finance costs were £3.9m (2022: £2.3m), comprising interest on the Group's borrowings of £1.7m (2023: £0.8m), and non-cash costs in relation to the Group's defined benefit pension schemes of £1.1m (2023: £1.3m), interest on lease liabilities of £0.2m (2023: £0.2m) and the unwind of discount in relation to put option liabilities of £0.9m (2023: nil). The higher interest payable on the Group's borrowings was driven by higher levels of both interest rates and covenant net debt compared to the previous year, the latter due to the acquisition of Greenbird in July 2023.

The Group recognised £2.3m of other income as an adjusting item in the first half of the year (2023: £nil). This relates to the step acquisition of Two Cities Television and is the gain on remeasurement to fair value of the original investment in 2020. Further details can be found in note 15.

The Group was in a net debt position (excluding lease liabilities) of £28.0m (December 2023: £32.3m) comprising drawdowns under its revolving credit facility of £45.5m (December 2023: £38.3m), and production financing of £1.5m (December 2023: £3.3m) partially offset by net cash balances of £19.0m (December 2023: £9.3m).

The Group's key financial covenants are leverage (ratio of net debt to EBITDA), which must be no higher than 3 times, and interest cover, which must be at least 4 times. At the end of the period, leverage was 1.4 times, (December 2023: 1.2 times) and interest cover was 9.8 times (December 2023: 12.9 times), with significant headroom against covenant thresholds for both.

Across the Group's two defined benefit pension schemes, the accounting deficit before tax decreased to £45.4m at the half year (31 December 2023: £54.8m). This was driven by an increase in the discount rate due to a rise in corporate bond yields and deficit recovery contributions paid. The next triennial valuation is due at 31 December 2023 and work is progressing well with the Trustees. We expect to conclude on the outcome of the valuation in the second half of the year.

STV STUDIOS

STV Studios has delivered **strong creative and commercial momentum in the first half of 2024**, with production labels winning several high-value commissions both in the UK and internationally. The business has scaled rapidly and profitably following the acquisition of Greenbird Media in July 2023 and moves ever closer to its objective of becoming the UK's number 1 nations and regions producer. This has been achieved despite the continuing challenges that exist in the commissioning market. We are on track to deliver on our target of doubling Studios revenue to £140m by the end of 2026, with a 10% margin.

Our production labels have delivered a combination of exciting original format commissions alongside recommissions of multiple existing successful series for broadcasters and global streamers.

Early in 2024, we confirmed a number of important **drama commissions**, which will contribute significantly to our revenues through to 2026. **STV Studios Drama** won our first commission for global streamer, Netflix, *The Witness*, a three-part series based on the memoir and experiences of Alex Hanscome, whose mother Rachel Nickell was murdered on Wimbledon Common. This is currently in production. Our Northern Ireland label, **Two Cities**, won a third and fourth series of their critically acclaimed police drama, *Blue Lights*, from BBC One. Series 2 aired in H1 2024 and delivered an audience 35% above the slot average on BBC One. This team is also currently in production with Sky original drama, *Amadeus*, with Will Sharpe (*White Lotus*) in the lead role. In August, we announced that critically acclaimed drama, *Criminal Record*, our co-production with **Tod Productions** and starring Peter Capaldi and Cush Jumbo, has been recommissioned by Apple TV+ for a second series following the global success of series 1.

Returning series provide increased certainty around income and enable us to provide more reliable employment and training opportunities for the freelance community. STV Studios has multiple returning series in production in 2024 across Unscripted and Entertainment, including:

- A 40-episode commission from Warner Bros. Discovery UK & Ireland to produce new series of *The Yorkshire Auction House*, *Celebrity Yorkshire Auction House* and spin-off show, *The Derbyshire Auction House*, for the Really channel. *The Yorkshire Auction House* remains Really's most-watched programme
- Recommission from the BBC for a third series of *The Travelling Auctioneers;* a 29th series of *Antiques Road Trip* and a 13th series of *Celebrity Antiques Road Trip*
- Quiz shows *Bridge of Lies* and *Celebrity Bridge of Lies* have both been recommissioned

- STV Studios Entertainment signed a major deal with Sony's Game Show Network for a US version of *Bridge of Lies*, which saw us co-produce 100 episodes in LA

- Tuesday's Child's *The Fortune Hotel* was swiftly re-commissioned by ITV in July following a successful launch in H1. They also delivered a new series of international success, *The Hit List*, for BBC One

- Owl Power was commissioned to deliver an 8th series of *Gone Fishing* for BBC; and Hello Mary won a second series of *The Royals: A History of Scandals* for More 4

Our strategy of acquiring stakes in high potential production companies continues to deliver for the business. In H1, STV Studios increased its stake in Two Cities Television (moving to majority), Tuesday's Child and Crackit Productions (the latter two already majority holdings). Today we've announced that we will take a majority (51%) share in Glasgow-based Hello Halo Productions, a deal which is earnings enhancing from day one. This team has a strong track record in children's and formatted factual programming, and in July won a commission from Channel 4 for a new format, *The Game of Wool*.

Importantly, our forward order book is stronger than ever at £101m, as is the development pipeline across the STV Studios' family of production labels. At this level, the orderbook is £15m higher than the previously reported June figure of £86m and reflects £19m of revenue recognised and £34m of new commission wins in the two months to end July.

BROADCAST

STV remains the **best watched peak-time channel in Scotland**, with a higher audience than the next eight commercial channels combined. This success is largely down to a schedule of high-quality network and regional programming and a strong connection with our audience. Traditional broadcasters are still attracting significant audiences to their programming, delivering 'event' television, and valued public service broadcasting. In H1, 99% of the top 500 transmitted programmes on commercial TV channels in Scotland were on STV. 77% of the top 500 episodes across all broadcast and SVOD channels were on STV.

The profitability of the broadcast business has bounced back in H1, with divisional revenues +12%, due to improvements in the wider advertising market and a strong programme offering. The **UEFA Euros 2024** were a jewel in the crown of STV's 2024 schedule, with the opening match between Germany and Scotland scoring the channel its best watched programme in 2024 and the biggest audience for any channel in Scotland by that point in the year, peaking at 1.38m viewers. The overall reach of the tournament on STV was 3.1m, with a 48% viewing share across our matches, tracking +3 share points higher than the ITV network. The tournament helped drive audience growth across hard-to-reach commercial audiences with upmarket men and upmarket U45's showing growth of +7% and +15% (H1 2024 v H1 2023).

STV's news and current affairs output is at the heart of our Public Service Broadcasting remit. Our flagship programme, *STV News at Six*, is the best-watched news programme in Scotland for the 7th year running. With an average audience of 374k and 33% share, we have increased the gap between STV News and our main competitor (*Reporting Scotland*, BBC One) to over 100k, the widest gap in the last 7 years. In a year of political turbulence, STV was proud to air the first Scottish leaders' debate of the UK General Election campaign. The 90-minute programme tracked 4 share points ahead of the network and reached 430k viewers. STV's news team achieved industry recognition at the 2024 RTS Scotland Awards, with *STV News at Six* (North) winning the News Award, and reporter Ronnie Charters crowned Best Young Journalist.

In H1 2024, STV aired **the best-watched entertainment programme, quiz show, drama, and soap** across Scotland. Four-part series, *Mr Bates v the Post Office* was STV's biggest new drama since 2021 (*The Pembrokeshire Murders*) and indeed the biggest drama launch across all channels and streamers in H1, delivering an average audience of 929k. It had a considerable societal impact, bringing a story of national interest to the attention of millions and effecting change at a government level, further emphasising the importance and potential of well-funded public service broadcasting.

STV has unrivalled reach in Scotland and delivers mass impact. The **STV Growth Fund**, which makes advertising affordable and accessible for SMEs, has attracted over 400 new advertisers since it launched in 2018. We also continue to support sustainable and diverse businesses in their TV marketing journey via our Green and Inclusion Funds.

DIGITAL

Our streaming service, STV Player, delivered its most successful first half-year ever in 2024, with online streams up 4% to 73.1m. This success was partly driven by Euro 2024, which delivered record breaking numbers for the business. The tournament was STV Player's most-watched sporting event ever, up 61% compared with Euro 2020, and delivering 2.3m total viewing hours across the tournament. The semi-final between the Netherlands and England broke streaming records for a single match, generating 617k steams across the game. The Euros also helped provide a new record month for *live* viewing in June 2024, coming in at 2.8m hours.

We are now 18 months into our commercial partnership with ITV through which they are our exclusive agent for digital advertising. Positive from its inception, this deal continues to deliver, with VOD advertising revenues up 13% in H1 compared with the same period in 2023 advertising revenues up 13% in H1 compared with the same period in 2023.

Our deal with ITV also makes new ITVX premiere content exclusively available on STV Player in Scotland. This high-quality, original content complements a bank of network shows, carefully selected programming from across the world, with a focus on high quality drama series, and popular archive material from our extensive video library, ensuring a rich and varied on-demand offering for viewers across the UK.

Our content has helped deliver strong audiences in H1, with eight of our top ten titles exceeding 1m hours of viewing in the first half of the year. Soap giants *Coronation Street* and *Emmerdale* retained the top 2 positions, and top performing dramas on STV Player include *Red Eye*, *After the Flood*, *Trigger Point* and *Mr Bates v The Post Office*. The hotly anticipated return of *Celebrity Big Brother* delivered almost 900k views.

A key acquisition for our streaming service has been iconic soap, *Brookside*, which is a top 3 title on STV Player for H1. The series has been streamed over 20 million times since it launched in February 2023, equating to over 7m hours of viewing. STV Player has relaunched the show from the start, with five episodes made available each week. Other acquired titles in the top 20 include US thriller, *Betrayal*, and legal drama, *The Fix*. These two titles are part of a 10-series scripted box-set deal with Disney, with the remaining titles available in H2.

Consumption (viewing hours) are tracking 5% down year on year due to changes in our content mix. In H1, the availability of live sport and entertainment meant fewer drama box sets were available, which has impacted viewing times. Winter is traditionally the season when STV airs more dramas and we expect these to positively impact consumption in H2.

We continue to improve and enhance the look and user journey of the STV Player and in H1 we launched new 'watch live' functionality to our Sky Glass, Sky Q and Virgin Media apps.

REGULATORY

STV's Channel 3 licences have been renewed for a further 10 years to 2034, securing the provision of public service broadcasting in the north and central regions of Scotland, including the country's most-watched news and current affairs programmes.

We are pleased that the UK Government Media Act is now enshrined in law and will guarantee prominence for STV Player on all major digital platforms, ensuring our PSB content is easy for viewers to find. It is important that Ofcom, who are now consulting on the implementation of the Bill, have the power to ensure this requirement is duly enforced.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers the principal risks and uncertainties affecting the business activities of the Group are:

- Regulatory environment
- Market volatility and impact on revenue generation
- Reliance on ITV for quality network programming and effective national sales
- Changing viewing habits
- Cyber-attack or data breach incident
- Defined benefit pension scheme shortfalls
- Recruitment and retention of people

Further details of the Group's policies on principal risks and uncertainties are contained within the Group's 2023 Annual Report and Accounts, a copy of which is available at www.stvplc.tv

Unaudited condensed interim income statement
Six months ended 30 June 2024

		2024			2023		
	Note	**Adjusted results**	**Adjusting items (note 8)**	**Statutory results**	Adjusted results	Adjusting items (note 8)	Statutory results
		£m	**£m**	**£m**	£m	£m	£m
Revenue	7	**90.4**	**-**	**90.4**	75.3	-	75.3
Operating expenses		**(82.5)**	**(1.8)**	**(84.3)**	(72.5)	(2.8)	(75.3)

Other operating income		**0.4**	**-**	**0.4**	-	-	-
Operating profit		**8.3**	**(1.8)**	**6.5**	2.8	(2.8)	-
Finance costs							
- borrowings		**(1.7)**	**-**	**(1.7)**	(0.8)	-	(0.8)
- defined benefit pension schemes		**-**	**(1.1)**	**(1.1)**	-	(1.3)	(1.3)
- lease interest		**(0.2)**	**-**	**(0.2)**	(0.2)	-	(0.2)
- other finance costs		**-**	**(0.9)**	**(0.9)**	-	-	-
		(1.9)	**(2.0)**	**(3.9)**	(1.0)	(1.3)	(2.3)
Other income		**-**	**2.3**	**2.3**	-	-	-
Share of loss of an associate		**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
Profit/(loss) before tax		**6.3**	**(1.5)**	**4.8**	1.7	(4.1)	(2.4)
Tax credit	9	**2.2**	**0.1**	**2.3**	5.1	0.6	5.7
Profit for the period		**8.5**	**(1.4)**	**7.1**	6.8	(3.5)	3.3
Attributable to:							
Owners of the parent		**7.1**	**(1.4)**	**5.7**	6.8	(3.5)	3.3
Non-controlling interests		**1.4**	**-**	**1.4**	-	-	-
		8.5	**(1.4)**	**7.1**	6.8	(3.5)	3.3
Earnings per share							
Basic	10	**15.5p**		**12.4p**	14.8p		7.2p
Diluted	10	**15.1p**		**12.1p**	14.4p		7.0p

The above unaudited condensed interim income statement should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim statement of comprehensive income
Six months ended 30 June 2024

	2024 **£m**	2023 £m
Profit for the period	**7.1**	3.3
Items that will not be reclassified to profit or loss:		
Gain on re-measurement of defined benefit pension schemes	**5.9**	4.8
Deferred tax charge	**(1.5)**	(1.2)
Other comprehensive income - net of tax	**4.4**	3.6
Total comprehensive income for the period	**11.5**	6.9
Attributable to:		
Owners of the parent	**10.1**	6.9
Non-controlling interests	**1.4**	-
	11.5	6.9

The above unaudited condensed interim statement of comprehensive income should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim balance sheet
As at 30 June 2024

	Note	30 June 2024 £m	31 December 2023 £m
Non-current assets			
Intangible assets	12	**34.8**	25.0
Property, plant and equipment	13	**7.8**	8.9
Right-of-use assets	13	**16.5**	17.9
Investments		**2.9**	4.1
Deferred tax asset	14	**18.2**	19.8
Trade and other receivables	17	**0.4**	1.0
		80.6	76.7
Current assets			
Inventories	16	**22.1**	24.4
Trade and other receivables	17	**53.9**	38.9
Cash and cash equivalents		**26.5**	13.9
		102.5	77.2
Total assets		**183.1**	153.9
Equity			
Ordinary shares	19	**23.3**	23.3
Share premium		**115.1**	115.1
Capital redemption reserve		**0.2**	0.2
Merger reserve		**173.4**	173.4
Other reserve		**2.5**	2.4
Accumulated losses		**(315.0)**	(321.9)
Shareholders' equity		**(0.5)**	(7.5)
Non-controlling interests		**(8.8)**	(5.1)
Total equity		**(9.3)**	(12.6)
Non-current liabilities			
Borrowings	18	**45.5**	41.6
Lease liabilities		**16.4**	17.9
Retirement benefit obligations	21	**45.4**	54.8
Deferred tax liabilities	14	**4.0**	2.6
Trade and other payables		**13.1**	5.9
		124.4	122.8
Current liabilities			
Borrowings	18	**9.0**	4.6
Trade and other payables		**57.7**	37.9
Lease liabilities		**1.3**	1.2
		68.0	43.7
Total liabilities		**192.4**	166.5
Total equity and liabilities		**183.1**	153.9

The above unaudited condensed interim balance sheet should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim statement of changes in equity
Six months ended 30 June 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Other reserve £m	Accumulated losses £m	Attributabl owners of pa
At 1 January 2024	23.3	115.1	0.2	173.4	2.4	(321.9)	(7
Profit for the period	-	-	-	-	-	5.7	
Other comprehensive	-	-	-	-	-	4.4	

Other comprehensive income						[illegible]	
Total comprehensive income for the period	-	-	-	-	-	10.1	1
Share based compensation	-	-	-	-	0.1	-	
Dividends paid (note 11)	-	-	-	-	-	(3.4)	(3
Changes in non-controlling interest	-	-	-	-	-	0.2	
At 30 June 2024	**23.3**	**115.1**	**0.2**	**173.4**	**2.5**	**(315.0)**	**(0**

At 1 January 2023	23.3	115.1	0.2	173.4	1.8	(321.8)
Profit for the period	-	-	-	-	-	3.3
Other comprehensive income	-	-	-	-	-	3.6
Total comprehensive income for the period	-	-	-	-	-	6.9
Share based compensation	-	-	-	-	0.3	-
Dividends paid (note 11)	-	-	-	-	-	(3.4)
At 30 June 2023	23.3	115.1	0.2	173.4	2.1	(318.3)

The above unaudited condensed interim statement of changes in equity should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim statement of cash flows
Six months ended 30 June 2024

	Note	**Six months ended 2024 £m**	Six months ended 2023 £m
Operating activities			
Cash generated by operations	20	**23.0**	6.4
Interest and fees paid in relation to bank facilities		**(1.6)**	(0.9)
Corporation tax (paid)/received		**(0.9)**	0.5
Pension deficit funding - recovery plan payment		**(5.0)**	(4.8)
Net cash generated by operating activities		**15.5**	1.2
Investing activities			
Acquisition of subsidiary undertakings, net of cash acquired	15	**(0.9)**	-
Production finance repayment from associate		**-**	3.0
Loan provided to associate		**(0.2)**	(0.6)
Purchase of intangible assets		**(0.3)**	(0.1)
Purchase of property, plant and equipment		**(0.2)**	(0.4)
Exercise of put options	15	**(4.4)**	-
Net cash (used in) / generated by investing activities		**(6.0)**	1.9
Financing activities			
Payment of obligations under leases		**(1.0)**	(1.0)
Borrowings drawn		**13.4**	8.0
Borrowings repaid		**(8.2)**	(14.0)
Dividends paid to equity holders	11	**(3.4)**	(3.4)
Dividends paid to non-controlling interests		**(0.5)**	-
Foreign exchange loss		**(0.1)**	-
Net cash generated by / (used in) financing activities		**0.2**	(10.4)
Net movement in cash and cash equivalents		**9.7**	(7.3)

Cash and cash equivalents, including overdraft balances, at beginning of period	**9.3**	11.3
Cash and cash equivalents, including overdraft balances, at end of period	**19.0**	4.0

	30 June 2024	31 December 2023
Cash and cash equivalents	**26.5**	13.9
Bank overdrafts	**(7.5)**	(4.6)
Cash and cash equivalents, including overdraft balances, at end of period	**19.0**	9.3

Unaudited notes to the condensed interim financial statements

Six months ended 30 June 2024

1. General information

STV Group plc (the "Company") is a public limited company incorporated and domiciled in Scotland and listed on the London Stock Exchange. The address of the registered office is Pacific Quay, Glasgow, G51 1PQ.

The principal activities of the Company and its subsidiaries (together "the Group") are the production and broadcasting of television programmes, provision of internet services and the sale of advertising airtime and space in these media.

These condensed interim financial statements were approved for issue on 3 September 2024 and have been reviewed, not audited. They do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 5 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter and did not contain any statement under section 498 of the Companies Act 2006.

2. Basis of preparation

These unaudited condensed interim financial statements for the six months ended 30 June 2024 have been prepared based on the accounting policies set out in the 2023 annual financial statements and in accordance with UK adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. These should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023 which were prepared in accordance with United Kingdom adopted international accounting standards. The condensed interim financial statements and the annual report are available on the Group's website at www.stvplc.tv.

The annual financial statements for the year to 31 December 2024 will be prepared in accordance with United Kingdom adopted international accounting standards.

Going concern

At 30 June 2024, the Group was in a net debt position (excluding lease liabilities) of £28.0m comprising drawdowns under its revolving credit facility of £45.5m and production financing of £1.5m, partially offset by net cash balances of £19.0m. The Group is in a net current asset position and generates cash from operations that enables it to meet its liabilities as they fall due, and other obligations.

The Group's banking facilities at the interim balance sheet date comprised a £70m revolving credit facility, with a £10m accordion, maturing in March 2026. The key financial covenants are leverage (net debt to EBITDA), which must be less than 3 times, and interest cover, which must be greater than 4 times. At 30 June 2024, the Group's leverage was 1.4 times and its interest cover was 9.8

than 4 times. At 30 June 2024, the Group's leverage was 1.4 times and its interest cover was 9.8 times, both well within covenant limits. The facility that remained available to the Group at 30 June 2024 was £24m plus the £10m accordion (31 December 2023: £31m plus the £10m accordion).

As part of the going concern review, the Group considers forecasts of the advertising market, from which the Group generates a material portion of its cash inflows, as well as its prospects in the programme production market, to determine the impact on liquidity. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, and including the impact of acquiring Two Cities Television in January 2024, show that the Group will be able to operate within the level of its current available funding and financial covenants.

The Directors performed a full review of principal risks and uncertainties during 2023 as part of its process to review and approve the three-year plan covering the period to 31 December 2026. A severe but plausible downside scenario was identified that reflected crystallisation of several risks, principally in relation to advertising revenues and the number and scale of programme commissions. Under that scenario, the Group is projected to generate sufficient cash to enable it to continue in operation and remain within covenant levels under the Group banking arrangements. These forecasts also included pension contributions in line with the Schedule of Contributions agreed with the trustees, and any contingent cash payments that would be payable under that mechanism, based on forecast cash flows.

Following completion of these activities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023. There were no changes to accounting standards in the period that had any material impact on the financial statements. The Group has expanded its revenue recognition policy to specifically cover 'producer for hire' contracts following the increase in instances of such contracts over the period. For producer for hire contracts where, in the event of cancellation, cost is recovered plus an agreed margin, the associated revenue is recognised over the term of the contract.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Judgements and estimates

Judgements

In the course of preparing the condensed interim financial statements, no judgements have been made in applying the Group's accounting policies that have had a significant effect on the amounts recognised in the condensed interim financial statements, other than those involving estimation below.

Estimates

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Inventory

Deferred programme production stock forms part of inventory and is stated in the financial statements at the lower of cost and net realisable value. The key assumption is estimating the likely future revenues for which associated programme costs are expensed in line with. A detailed forecast of future secondary sales is prepared by management based on historic experience and expected future trends. £0.7m was expensed through the income statement in the period (30 June 2023: £0.6m).

Pension obligations

The present value of pension obligations depends on several factors that are determined on an actuarial basis using a number of key assumptions. The assumptions used in determining the projected benefit obligation for pensions include the discount rate and mortality rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each period. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Regarding mortality, the base tables used are updated every three years (to coincide with triennial valuations) or more frequently when there is evidence of a change in experience. The CMI tables relating to future improvements in mortality are updated when new information is available, usually annually. Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 21 for further disclosure.

5. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks, to varying degrees: currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

During the period, a programme has been in production overseas through Two Cities Television Limited who entered into forward currency contracts to hedge the foreign exchange rate utilised in the production budget. These forward contracts were acquired as part of the fair value of identifiable assets and liabilities by the Group (see note 15), with some contracts still due to mature at the period end. The contracts have been recognised in line with the relevant accounting requirements for derivatives.

There have been no changes in any risk management policies since the year end.

6. Seasonality of operations

In line with the UK advertising market, the autumn season provides the Group with its highest level of advertising revenues, as trading picks up from the quieter summer months. The Studios division delivers the majority of programmes to commissioners in the second half of the year.

However, in H1 2024, the Euros 2024 football tournament was shown on STV and STV Player in June, resulting in strong growth year on year and improving the H1 position beyond seasonal norms. Furthermore, acquired operations in the Studios division were earnings enhancing for the Group and resulted in a rebalancing of revenue and profit towards H1.

7. Business segments

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is by product. The Group's reportable segments, which remain the same as the prior year, are Broadcast, Digital and Studios.

	Broadcast		Digital		Studios		Total	
Six months	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Revenue								
Pre-commission sales	**46.5**	42.4	**11.5**	10.1	**38.4**	27.3	**96.4**	79.8
Commission	**-**	-	**(1.2)**	-	**-**	-	**(1.2)**	-
Sales	**46.5**	42.4	**10.3**	10.1	**38.4**	27.3	**95.2**	79.8
Inter-segment sales	**(3.9)**	(4.4)	**-**	-	**(0.9)**	(0.1)	**(4.8)**	(4.5)
Segment revenue	**42.6**	38.0	**10.3**	10.1	**37.5**	27.2	**90.4**	75.3
Segment result								
Adjusted operating profit	**7.2**	4.9	**5.0**	5.0	**0.1**	0.1	**12.3**	10.0
Unallocated corporate expenses							**(1.7)**	(2.0)
Adjusted operating profit							**10.6**	8.0
Adjusting items in operating profit (note 8)							**(1.8)**	(2.8)
Finance costs							**(3.9)**	(2.3)
HETV tax credits							**(2.3)**	(5.2)
Other non-operating income							**2.3**	-
Share of loss in associates							**(0.1)**	(0.1)
Profit/(loss) before tax							**4.8**	(2.4)
Tax credit							**2.3**	5.7
Profit for the period							**7.1**	3.3

Adjusted operating profit (as shown above) is the statutory operating profit before adjusting items and includes High-End Television (HETV) tax credits receivable. The HETV tax credits relate solely to the Studios operating segment.

The only significant changes in total assets from the amount disclosed in the last annual financial statements are due to the seasonality of operations, both in terms of the advertising market and delivery of programmes. Please see note 6 for further details.

8. Adjusting items and reconciliation of statutory results to adjusted results

In reporting financial information, the Group presents alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The Group makes certain adjustments to the statutory profit measures to exclude the effects of material amounts that it believes do not reflect the underlying trading performance of the Group.

By presenting these alternative performance measures, the Group believes it is providing additional insight into the performance of the business that may be useful to stakeholders.

Below sets out a reconciliation of the statutory results to the adjusted results:

			2024			2023
	Operating profit	**Profit before tax**	**Basic EPS**	Operating Profit	Profit before tax	Basic EPS

	£m	£m	pence	£m	£m	pence
Statutory result	**6.5**	**4.8**	**12.4p**	-	(2.4)	7.2p
Material contract implementation costs (i)*	**-**	**-**		2.8	2.8	
Acquisition and integration activities (ii)*	**0.5**	**(1.8)**		-	-	
Restructuring costs (iii)*	**0.5**	**0.5**		-	-	
Amortisation of intangible assets (iv)*	**0.8**	**0.8**		-	-	
IAS 19 net finance costs (v)	**-**	**1.1**		-	1.3	
Other finance costs (vi)	**-**	**0.9**		-	-	
High-End Television tax credit (vii)	**2.3**	**2.3**		5.2	5.2	
Adjusted results	**10.6**	**8.6**	**15.5p**	8.0	6.9	14.8p

*The denoted items make up the total adjusting items of £1.8m (2023: £2.8m) within operating profit in the income statement.

(i) Material contract implementation costs (2023 only)

In 2022, the Group announced an extended partnership with ITV for digital content and advertising sales, effective from 1 January 2023. One-off costs of £2.8m associated with the negotiation and implementation of the agreement were charged in the six months ended 30 June 2023.

(ii) Acquisition and integration activities

On 6 July 2023, the Group acquired Greenbird Media Limited. Attributable costs associated with this acquisition have been expensed since the acquisition date. £0.5m has been recognised in the six months ended 30 June 2024, attributable to earn outs payable to founding members, professional fees and restructuring costs.

Non-operating other income of £2.3m has been recognised in relation to the acquisition, achieved in stages, of Two Cities Television Limited during the period. This other income is the gain recognised from bringing the consideration paid for the initial 35% shareholding in line with fair value. See note 15 for further details.

(iii) Restructuring costs

The Group announced a £5m group cost saving programme in March 2024. Costs associated with actions taken in H1 2024 were £0.5m.

(iv) Amortisation of intangible assets

Following the acquisition of Greenbird Media Limited in July 2023 and the acquisition of a majority stake in Two Cities Television Limited in January 2024 (see note 15), the Group has undertaken fair value assessments of the assets acquired and liabilities assumed. The fair value attributable to intellectual property for Greenbird was £10.0m with total amortisation to date of £0.9m, of which £0.4m was recognised in the period. The fair value attributable to intellectual property acquired for Two Cities was £6.5m, with an associated amortisation charge of £0.4m incurred in the period. Amortisation of assets acquired through business combinations and investments are included within adjusted results. As these costs are acquisition related, and in line with our treatment of other acquisition related costs, we consider that they do not reflect the underlying trading performance of the Group.

(v) IAS 19 net finance costs

IAS 19 related items, principally the net interest expense included in the income statement, are excluded from non-statutory measures as they are non-cash items that relate to legacy defined benefit pension schemes.

(vi) Other finance costs

The Group has liabilities relating to amounts payable to minority shareholders under put options that were already in force at the date of acquisition of Greenbird Media Limited and Two Cities Television Limited (see note 15 for details). A finance cost of £0.9m has been recognised in the period in relation to the unwinding of the associated discount on these liabilities, £0.6m in relation to Greenbird and £0.3m in relation to Two Cities.

(vii) High-End Television tax credit

The Group meets the eligibility criteria to claim HETV tax relief through the production of certain dramas created in its Studios division. This incentive was introduced in the UK to support the creative industries and is a critical factor when assessing the viability of investment decisions in the production of high-end drama programmes. These production tax credits are reported within the total tax charge in the income statement in accordance with IAS 12. However, STV considers the HETV tax credits to be a contribution to production costs and therefore more aligned to working capital in nature. Therefore, the adjusted results for the Group reflect these credits as a contribution to operating cost and not a tax item. The HETV tax credit regime is being replaced by 'above the line' Audio-Visual Expenditure credits ("AVEC") and will be accounted for in a similar way to the alternative performance measure presented above. Due to the timing of expenditure for the relevant production and the transition period between the regimes, the tax credit of £2.3m recognised in the current period will be claimed under the HETV regime, and therefore has been adjusted in the results as shown above.

9. Tax credit

	Six months 2024 £m	Six months 2023 £m
The credit for taxation is as follows:		
Charge for the period before adjusting items	**(0.1)**	(0.1)
Tax effect on adjusting items	**0.1**	0.6
High-end television tax credit	**2.3**	5.2
Credit for the period	**2.3**	5.7

The tax on the results for the six month period is charged at the rate that represents the best estimate of the average annual effective tax rate (ETR) expected for the full year, applied to the pre-tax result for the six month period.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 on 10 June 2021. These included an increase in the UK corporation tax rate to 25% effective from 1 April 2023. The Finance Act 2024 which received Royal Assent on 24 May 2024, had no impact on the corporation tax figures. The deferred tax assets at 30 June 2024 have been measured using the rates that apply in the periods when the underlying timing differences, on which deferred tax is recognised, are expected to unwind.

10. Earnings per share

The calculation of earnings per share is based on earnings after tax and the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held for use by the STV Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of the weighted average of dilutive potential ordinary shares. The Group has one type of dilutive potential ordinary share namely share options granted to employees.

The adjusted earnings per share figures that have also been calculated are based on earnings before adjusting items that are significant in nature and/or quantum and not expected to recur every year and are therefore considered to be distortive. The adjusting items recognised in the current and prior years are detailed in note 8 and presented below net of the related tax effect. Adjusted earnings per share have been presented to provide shareholders with an additional measure of the Group's year on year performance.

Earnings per share	**Six months 2024 Pence**	Six months 2023 Pence
Basic earnings per share	**12.4p**	7.2p
Diluted earnings per share	**12.1p**	7.0p
Adjusted basic earnings per share	**15.5p**	14.8p
Adjusted diluted earnings per share	**15.1p**	14.4p

The following reflects the earnings and share data used in the calculation of earnings per share:

Earnings	**Six months 2024 £m**	Six months 2023 £m
Profit for the period attributable to equity shareholders	**5.7**	3.3
Adjusting items (net of tax)	**(0.6)**	2.2
Excluding IAS 19 financing cost	**1.1**	1.3
Other finance costs	**0.9**	-
Adjusted profit	**7.1**	6.8

Number of shares	**Million**	Million
Weighted average number of ordinary shares in issue	**46.0**	45.8
Dilution due to share options	**1.2**	1.5
Total weighted average number of ordinary shares in issue	**47.2**	47.3

11. Dividends

A final dividend of £3.4m relating to the year ended 31 December 2023 was paid from the parent company's accumulated realised profits in May 2024 (30 June 2023: final dividend relating to the year ended 31 December 2022 of £3.4m, paid in May 2023).

An interim dividend of 3.9p per share has been proposed by the Board of Directors. It is payable on 7 November 2024 to shareholders who are on the register at 27 September 2024. This interim dividend, amounting to £1.8m has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2024.

12. Intangible assets

During the six months ended 30 June 2024, the Group incurred expenditure of £0.3m on web development (£0.4m in the year to 31 December 2023; £0.1m in the six months ended 30 June 2023). In addition, the Group acquired £6.5m of intellectual property and recognised £4.0m of goodwill in relation to the acquisition of Two Cities Television Limited (see note 15). There were disposals of £nil net book value in the current period and in the year ended 31 December 2023.

13. Property, plant and equipment and right-of-use assets

During the six months ended 30 June 2024, the Group incurred expenditure of £0.2m on property, plant and equipment (£0.8m in the year ended 31 December 2023; £0.4m in the six months ended 30 June 2023). There were disposals of £0.2m net book value in the current period and £nil net book value for the year ended 31 December 2023.

During the six months ended 30 June 2024, the Group did not have any additions to right-of-use assets (£nil in the year ended 31 December 2023; £nil in the six months ended 30 June 2023). There were disposals in the current period of £0.6m net book value and £nil net book value for the year ended 31 December 2023. Alongside adjustments to the lease liability on termination of the lease disposed of in the period, a gain of £0.2m was recognised within the income statement.

14. Deferred tax

At 30 June 2024, total deferred tax assets of £18.2m were recognised on the balance sheet (31 December 2023: £19.8m). Of this, £11.4m relates to the deficit on the Group's defined benefit pension schemes (31 December 2023: £13.7m) and the balance of £6.8m relates to tax losses, accelerated capital allowances and short-term timing differences (31 December 2023: £6.1m).

At 30 June 2024, total deferred tax liabilities of £4.0m were recognised on the balance sheet (31 December 2023: £2.6m). These relate to liabilities recognised in regard to the acquisition of Greenbird Media Limited and Two Cities Television Limited.

15. Business combinations

Two Cities Television Limited

In January 2020, the Group acquired a minority stake of 25% in Two Cities Television Limited ("Two Cities"), a high-end drama production company, with an option to increase its initial stake to a majority position upon Two Cities becoming profitable. On 30 January 2024, this option was exercised, and the Group increased its equity stake in Two Cities to a majority holding of 51%.

On the acquisition date, £0.4m of loan notes were converted, resulting in 10% equity being acquired via new shares issued. In line with the accounting requirements for a business combination achieved in stages, this overall initial stake of 35% has been remeasured at fair value at the acquisition date, resulting in a gain of £2.3m, which is presented within non-operating other income in the income statement.
The consideration payable for the 16% equity that was then acquired through the option was £2.2m, of which £1.7m was paid on completion. Deferred consideration of £0.5m has been recognised which is payable in January 2025.

The Group has completed the majority of its work in relation to assessing the fair values of identifiable assets and liabilities acquired with only a small number of minor points to be finalised. Therefore, the fair values have been presented as provisional in the table below but it is not anticipated that there will be any material changes between the provisional and final position, which will be finalised within 12 months from the date of acquisition, as required by the relevant accounting standard.

Provisional fair value of identifiable assets and liabilities of Two Cities Television Limited and subsidiary companies	**2024 £m**
Intangible assets	6.5
Inventory	9.4
Trade and other receivables	2.4
Cash and cash equivalents	1.3
Deferred tax liabilities	(1.6)
Trade and other payables	(9.2)
Contract liabilities	(11.6)
Fair value of net identifiable liabilities	(2.8)
Non-controlling interest measured at proportionate share of identifiable net assets	(2.0)
Adjustments to non-controlling interest regarding put options	6.8
Goodwill	4.0
Consideration	6.0

Total net cash outflow relating to acquisition of Two Cities Television Limited and subsidiary companies	**£m**
Consideration paid	1.7
Cash and cash equivalents acquired	(1.3)
Total cash outflow	0.4

	£m
Present value of the expected liability for put options	6.8

The goodwill of £4.0m represents the value placed on the opportunity to materially enhance the future growth prospects of STV Studios creatively, commercially, and internationally. This has been calculated as the fair value of the consideration transferred, plus the amount of non-controlling interest adjusted for derivative put options relating to subsidiaries acquired, less the net of the fair value of the identifiable assets acquired and liabilities assumed.

From the date of acquisition, Two Cities Television Limited and subsidiary undertakings contributed £18.5m of revenue and £1.4m of adjusted operating profit to the Group's results.

Greenbird Media Limited

In the period, the Group finalised its fair value assessment of the identifiable assets and liabilities of Greenbird Media Limited and subsidiary companies, acquired on 6 July 2023. The table below sets out the adjustments that have been made to the provisional fair values previously disclosed within the annual financial statements for year ended 31 December 2023, to reach the final position.

Fair value of identifiable assets and liabilities of Greenbird Media Limited and subsidiary companies	**Provisional £m**	**Adjustments £m**	**Final £m**
Intangible assets	10.0	-	10.0
Property, plant and equipment	0.2	-	0.2
Right of use assets	0.7	-	0.7
Investments	1.5	-	1.5
Inventory	1.8	-	1.8
Trade and other receivables	2.0	-	2.0
Contract assets	1.9	-	1.9
Cash and cash equivalents	6.9	-	6.9
Deferred tax liabilities	(2.6)	-	(2.6)
Trade and other payables	(15.4)	0.3	(15.1)
Lease liabilities	(0.8)	-	(0.8)
Contract liabilities	(3.5)	-	(3.5)
Fair value of net identifiable assets	2.7	0.3	3.0
Non-controlling interest measured at proportionate share of identifiable net assets	(4.2)	-	(4.2)
Adjustments to non-controlling interest regarding put options	9.6	(0.3)	9.3
Goodwill	14.5	-	14.5
Consideration	22.6	-	22.6

			£m
Present value of the expected liability for put options	9.6	(0.3)	9.3

Since the acquisition date, finance costs of £1.1m have been recognised in relation to the unwinding of the discount of the put option liability, with £0.6m recognised in the current period. During the period, the put options have been exercised, resulting in a cash outflow to the minority interests of £4.4m. The estimated liability for the remaining amounts payable of £6.0m is recognised in non-current trade and other payables at the balance sheet date.

Cash outflow relating to acquisition of Greenbird Media Limited and subsidiary companies	**Six months ended 30 June 2024 £m**
Deferred consideration paid	0.5

16. Inventory

	30 June 2024 £m	31 December 2023 £m
Deferred programme production stock	**13.6**	12.7
Programme production work in progress	**7.9**	11.1
Recorded programmes	**0.6**	0.6
	22.1	24.4

17. Trade and other receivables

17. Trade and other receivables

	30 June 2024 £m	31 December 2023 £m
Trade receivables	**18.9**	13.9
Prepayments	**10.2**	8.2
Contract assets	**8.4**	12.9
Other receivables	**8.4**	2.8
Income tax recoverable	**8.4**	2.1
	54.3	39.9
Amounts included in current assets	**53.9**	38.9
Amounts included in non-current assets	**0.4**	1.0
	54.3	39.9

18. Borrowings

Non-current borrowings

At the balance sheet date, the Group had a £70m revolving credit facility (RCF), with a £10m accordion, maturing in March 2026. Total gross borrowings at the balance sheet date under the RCF were £45.5m (31 December 2023: £38.3m). The principle financial covenants are the ratio of net debt to EBITDA (which must be below 3 times) and interest cover (which must be higher than 4 times).

At 31 December 2023, the Group had a loan facility for production financing of £3.3m, which has been repaid in the period.

Current borrowings

The Group had a bank overdraft recognised at the balance sheet date of £7.5m (31 December 2023: £4.6m).

The Group drew down a loan facility of £1.5m for production financing in the period, which has been repaid post period end.

19. Share capital

Issued share capital at 30 June 2024 and 31 December 2023 amounted to £23.3m relating to 46,722,499 ordinary shares with a par value of £0.50 per share. All issued shares are fully paid.

20. Notes to the condensed interim statement of cash flows

	Six months 2024 £m	Six months 2023 £m
Operating profit	**6.5**	-

Adjustments for:		
Depreciation on property, plant and equipment	**1.3**	1.2
Amortisation of intangible assets	**1.0**	0.3
Amortisation of right-of-use assets	**0.8**	0.7
Share based payments	**0.1**	0.3
Decrease in inventories	**12.2**	13.3
(Increase)/decrease in trade and other receivables	**(8.8)**	6.8
Increase/(decrease) in trade and other payables	**9.9**	(16.2)
Cash generated by operations	**23.0**	6.4

Net debt reconciliation

	Revolving credit facility	**Production financing**	**Net cash & cash equivs inc overdrafts**	**Net debt**	**Lease liabilities**	**Net debt inc. lease liabilities**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 January 2024	(38.3)	(3.3)	9.3	(32.3)	(19.1)	(51.4)
Cash flows	(7.0)	1.8	9.7	4.5	0.9	5.4
Non-cash movements (i)	(0.2)	-	-	(0.2)	0.5	0.3
At 30 June 2024	**(45.5)**	**(1.5)**	**19.0**	**(28.0)**	**(17.7)**	**(45.7)**

(i) Non-cash movements relate to the amortisation of borrowing costs (for long-term borrowings), and interest charged on lease liabilities net of derecognition for liabilities relating to terminated leases.

21. Retirement benefit schemes

The fair value of the assets and the present value of the liabilities in the Group's defined benefit pension schemes at each balance sheet date was:

	At 30 June 2024 £m	At 31 December 2023 £m
Defined benefit scheme obligations	**(329.4)**	(350.2)
Defined benefit scheme assets	**284.0**	295.4
Net pension deficit	**(45.4)**	(54.8)

The reduction in the net pension deficit is driven by a fall in the defined benefit obligations as a result of a higher discount rate, as well as Company contributions to the Schemes. This has been offset by a reduction in the Schemes' asset values, which aim to hedge movements in interest rates, albeit the reduction in the asset value was less than the reduction in the defined benefit obligations, in part due to favourable returns on the growth assets.

Assumptions used to estimate the scheme obligations

The significant actuarial assumptions used for accounting purposes reflect prevailing market conditions in the UK and are as follows:

	At 30 June 2024 %	At 31 December 2023 %
Rate of increase in salaries	**nil**	nil
Rate of increase of pensions in payment	**3.30**	3.15
Discount rate	**5.10**	4.50
Rate of price inflation (RPI)	**3.30**	3.15

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each scheme and are reflected in the table below.

Average life expectation in years of a pensioner retiring at age 65:

	At 30 June 2024	At 31 December 2023
Retiring at balance sheet date:		
Male	**20.5**	20.5

Female	**22.8**	22.7
Retiring in 25 years		
Male	**21.7**	21.7
Female	**24.1**	24.0

The sensitivities regarding the principal assumptions used to measure the defined benefit obligation are set out below:

Assumption	**Change in assumption**	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 2%
Rate of price inflation (RPI)	Increase/decrease by 0.25%	Increase/decrease by 1%
Rate of mortality	Decrease by 1 year	Decrease by 5%

These sensitivities have been calculated to show the movement in the defined benefit obligations in isolation, and assuming no other changes in market conditions at the balance sheet date.

Funding arrangements

Deficit recovery plans, which end on 31 October 2030, were agreed with aggregate monthly payments unchanged from the previous recovery plans. The 2024 deficit recovery payments will total £9.9m, with annual payments increasing at the rate of 2% per annum over the term of the recovery plans. A contingent cash mechanism is also in place, which triggers contingent funding payments equivalent to 20% of any outperformance above a benchmark of available cash to be paid to the schemes. There was no additional contingent payment made to the schemes in the six month period to 30 June 2024 (£nil in the six months ended 30 June 2023). The next triennial valuation is taking place as at 31 December 2023, with the work well progressed at the date of this statement.

The Group is aware of a case involving Virgin Media and NTL Pension Trustee, which could potentially lead to additional liabilities for some pension schemes and sponsors, including (if applicable) to the Group. On 24 July 2024, an appeal against the original judgement was dismissed however there remains uncertainty regarding the implications for schemes including the Group's. As such, the impact (if any) is not known and will be assessed as relevant in the future.

22. Transactions with related parties

The Group provided advertising with an estimated fair value of £0.2m (2023: £0.2m) for nil consideration to the charity organisation STV Appeal. The charity purchased advertising from the Group for a total of £0.1m (2023: £nil).

A £0.5m dividend was paid to the Managing Director and minority shareholder of subsidiary company Tuesday's Child Television Limited during the period.

23. Post balance sheet events

On 30 August 2024, the Group increased its shareholding in Hello Halo Productions Limited to a majority stake, taking its equity share from 30% to 51%.

On 17 July 2024, the Group acquired the remaining ordinary shares in its associate Rumpus Media Limited, taking its shareholding from 40% to 99%.

The total consideration for both transactions was less than £1m.

Due to the recent timing of the acquisitions, the Group is in the early stages of its fair value assessment of the assets acquired and liabilities assumed and has not yet finalised the accounting for the business combinations, but expects to complete its assessment in the second half of 2024.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge, these 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:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of STV Group plc are listed in the Annual Report and Accounts for 31 December 2023, with the exception of the following changes in the period:

- Ian Steele (resigned 1 May 2024)

A list of current directors is maintained on the STV plc website: www.stvplc.tv

For and on behalf of the Board:

Lindsay Dixon
Chief Financial & Operating Officer
Date: 3 September 2024

Independent review report to STV Group plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the income statement, the [illegible] yearly financial report for the six months ended 30 June 2024 which comprises the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 23.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules 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 inquiries, 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.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion 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 entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
Date: 3 September 2024

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