

7 May 2025

## Smiths News plc

("Smiths News" or the "Company")

### Unaudited Interim Results for the 26 weeks ended 1 March 2025

*Good start to FY2025, underpinned by the news and magazines business, with trading in line with market expectations*

*91% of existing publisher revenue streams secured underpinning short and medium-term revenues and the expansion of the Company's early morning supply chain activities*

Smiths News (LSE: SNWS), the UK's largest news wholesaler and a leading provider of early morning end-to-end supply chain solutions, today announces unaudited interim results for the 26 weeks ended 1 March 2025 (the "Period" or "HY2025").

#### Financial highlights:

- Performance remains in line with market expectations for FY2025
- Revenues of £536.4m (-0.6% versus HY2024) and adjusted operating profit of £19.4m (+3.2% versus HY2024)
- Programme of identifying operational efficiencies continues to plan, delivering £3.0m of cost savings in HY2025 (HY2024: £3.1m)
- Strong ongoing free cash flow of £13.3m in HY2025 (HY2024: £4.2m)
- Major contract renewals now secured, with 91% of existing publishers revenues to at least 2029, underpinning both short and medium-term revenues and the expansion of our early morning supply chain activities
- Interim dividend of 1.75 pence per share (HY2024: 1.75 pence), due to be paid on 3 July 2025

Adjusted results <sup>(1)</sup>	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024	Change
Revenue	<b>£536.4m</b>	£539.8m	(0.6%)
Operating profit	<b>£19.4m</b>	£18.8m	3.2%
Profit after tax	<b>£13.1m</b>	£11.8m	11.0%
Earnings per share	<b>5.4p</b>	4.9p	0.5p
<b>Statutory results</b>			
Revenue	<b>£536.4m</b>	£539.8m	(0.6%)
Operating profit	<b>£20.0m</b>	£18.6m	7.5%
Profit after tax	<b>£13.5m</b>	£11.6m	16.4%
Earnings per share	<b>5.6p</b>	4.8p	0.8p
Interim dividend per share	<b>1.75p</b>	1.75p	-
<b>Cash flow and net debt</b>			
Free cash flow <sup>(2)</sup>	<b>£13.3m</b>	£4.2m	216.7%
Bank Net Debt <sup>(3)</sup>	<b>£12.4m</b>	£10.0m	24.0%

Average Bank Net Debt	<b>£1.1m</b>	£12.5m	(91.2%)
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\*Company compiled analyst consensus can be found on Smiths News' website: [Analyst consensus](#)

## Outlook

- Ongoing internal investment programme to support delivery of the Company's core capabilities, including the roll out of a new warehouse management system to other key depots across Smiths News footprint
- Stable performance from news and magazines business underpinning HY2025 performance and on track to deliver c.£5m of cost savings in FY2025
- Growth initiatives are progressing well across all three key target verticals, supported by Smiths News' unrivalled expertise in warehousing, reverse logistics and early morning final mile services
- Management remains focused on leveraging the Company's high-density UK delivery network with trading for FY2025 in line with market expectations.

## Jonathan Bunting, Chief Executive Officer, commented:

*"The business has made a good start to year with Smiths News on track to deliver full year results in line with market expectations.*

*"The News and Magazines business continues to underpin our growth ambitions, as we seek to further leverage our early morning supply chain expertise and expand our offering.*

*"Having now renewed over 91% of our existing publisher contract revenues through to 2029, not only does this provide the business with excellent visibility across the medium term but provides an enviable platform to deliver additional stakeholder value."*

## For further information, please contact:

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## About Smiths News

For over 200 years, Smiths News has been delivering newspapers to retailers across the UK. It distributes newspapers and magazines on behalf of the major national and regional publishers, delivering to approximately 22,100 customers across England and Wales on a daily basis. The speed of turnaround and the density of Smiths News' coverage is critical to one of the world's fastest physical supply chains.

For more information, please visit: [www.smithsnews.co.uk](http://www.smithsnews.co.uk)

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## Notes

The Company uses certain performance measures for internal reporting purposes and employee incentive arrangements. The terms 'Bank Net Debt', 'free cash flow', 'Adjusted operating profit', 'Adjusted profit before tax', 'Adjusted earnings per share' and 'Adjusted items' are not defined terms under IFRS and therefore are Alternative Performance Measures (APM) and may not be comparable with similar measures disclosed by other companies.

(1) The following are key APMs identified by the Company in the consolidated interim financial

statements as Adjusted results:

- a. Adjusted operating profit - is defined as operating profit excluding Adjusting items.
  - b. Adjusted profit before tax (PBT) - is defined as profit before tax before the impact of Adjusting items.
  - c. Adjusted earnings per share - is defined as Adjusted PBT, less taxation attributable to Adjusted PBT and including any adjustment for minority interest to result in adjusted profit after tax attributable to shareholders; divided by the basic weighted average number of shares in issue.
  - d. Adjusting items - Adjusting items of income or expense are excluded in arriving at Adjusted operating profit to present a further measure of the Company's performance. Each adjusting item is considered to be significant in nature and/or quantum, non-recurring in nature and/or considered to be unrelated to the Company's ordinary activities or are consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team. They are disclosed and described separately in Note 3 to the consolidated interim financial statements to provide further understanding of the financial performance of the Company. A reconciliation of adjusted profit to statutory profit is presented on the income statement.
- (2) Free cash flow - is defined as cash flow excluding the following: payment of dividends, the impact of acquisitions and disposals, the repayment of bank loan principal amounts and outflows for purchases of own shares (EBT share purchases).
- (3) Bank Net Debt - represents the net position drawn under the Company's banking facilities and is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings (excluding amortised arrangement fees), overdrafts and obligations under finance leases under accounting standards applicable in 2019.

### **Cautionary Statement**

This document contains certain forward-looking statements with respect to Smiths News plc's financial condition, its results of operations and businesses, strategy, plans, objectives and performance. Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of Smiths News plc's future performance and relate to events and depend on circumstances that may occur in the future and are therefore subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document. Unless otherwise required by applicable law, regulation or accounting standard, Smiths News plc undertakes no responsibility to publicly update any of its forward- looking statements whether as a result of new information, future developments or otherwise. Nothing in this document should be construed as a profit forecast or profit estimate. This document may contain earnings enhancement statements which are not intended to be profit forecasts and so should not be interpreted to mean that earnings per share will necessarily be greater than those for the relevant preceding financial period. The financial information referenced in this document does not contain sufficient detail to allow a full understanding of the results of Smiths News plc. For more detailed information, please see the Interim Financial Results for the half-year ended 1 March 2025 and the Report and Accounts for the year ended 31 August 2024 which can each be found on the Investor Zone section of the Smiths News plc website - [www.smithsnews.co.uk](http://www.smithsnews.co.uk). However, the contents of Smiths News plc's website are not incorporated into and do not form part of this document.

## **OPERATING REVIEW**

### **Overview**

Smiths News delivered another solid performance during the Period, remaining on track to deliver FY2025 results in line with market expectations, supported by the Company's high-density UK delivery network.

Adjusted operating profit of £19.4m (HY2024: £18.8m) increased by 3.2% from revenue of £536.4m (HY2024: £539.8m), due to stable performance from our news and magazines operations. Adjusted profit before tax was £17.7m (HY2024: £15.9m), marking a £1.8m increase. Free cash flow remained in line with plan at £13.3m (HY2024: £4.2m), an increase compared to HY2024. Average Bank Net Debt saw a decrease of 91.2% to £1.1m, whilst Bank Net Debt increased to £12.4m during the Period due to payment of the prior year final ordinary and special dividends in February 2025. Adjusted EPS stood at 5.4p (HY2024: 4.9p), a 10.2% increase.

### **Financial performance**

Trading performance in HY2025 remained consistent, with revenue, adjusted operating profit and cash generation remaining on track, and in line with expectations. Our news and magazines business continues

to perform well, and is generating strong levels of cash flow in line with our internal forecasts. Unlike previous periods, HY2025 saw no significant one-off events, however trading was bolstered by the launch of a new range of Pokémon collectables, with sales of collectables returning to peak levels last seen in 2022. The increasingly popular Women's European Football Championship is taking place in July 2025, and we hope to see continued momentum in related collectable sales.

### **Progressing growth initiatives**

The Company has made good progress in advancing its growth initiatives. The rollout of Smiths News Recycle, a waste recycling collection service tailored to our retail customers, is progressing well. We initially targeted our existing customer base and continue to generate traction across this pool, with customer numbers increasing 5% versus at year end.

The team has also entered the early stages of a trial to extend our recycling services to new customers along selected existing delivery routes in the Northwest region. Our focus during the second half of the year will be on advancing these trials and targeting new customer pools and we look forward to providing a more comprehensive update at the full year results.

In April 2025, we appointed a new Managing Director for our Recycling activities, who is expected to join later this year. The newly appointed individual joins us from one of the largest players in waste management, and their specialist sector background knowledge will support the successful rollout of our offering.

A second growth vertical that Smiths News is targeting is the delivery of additional categories such as books and home entertainment to retail customers including supermarkets and other grocers. Smiths News already services a small number of customers in this space and is looking to expand that footprint further.

Accordingly, in February 2025, Smiths News commenced a trial with global greetings card experts, Hallmark, to deliver greetings cards to independent retailers. The trial has started well, and we will review progress and traction from our retailers throughout the second half of 2025.

Development of our offerings within the final mile services vertical has also progressed during the Period. We have entered a small-scale trial with a number of providers to deliver engineering and manufacturing specialist parts to customers along our existing routes, leveraging our in-depth knowledge of the unique dynamics of the final mile market and our well-established high-density network.

### **Internal investment programme**

As outlined previously, Smiths News has commenced an investment programme over the next three years, increasing investment in the business by approximately £2.0m per annum over that period to £6.0m per annum. Part of this programme is aimed at optimising warehouse operations and enhancing capabilities and efficiencies in a low-risk way. Smiths News recognises the importance of implementing new systems and technology without disrupting the ongoing service to its customers. We are pleased to report we have now successfully implemented a new warehouse management system at one of our key regional hubs and will be looking to roll it out to the remaining two hubs in a structured manner over the coming months.

Other initiatives include the implementation of a transport management system and further investment in facilities. This investment programme will ensure that we continue to provide our existing customers with an efficient and high-quality service, whilst also supporting our growth strategy.

### **Operational efficiencies and inflation**

Across HY2025, we delivered £3.0m of cost savings, in line with our internal targets, and maintaining our annual cost saving target of c.£5.0m.

We have remained focussed on identifying operational efficiencies to optimise our network and services, and the implementation of our new warehouse management system will further support cost savings across FY2025.

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As we enter the second half of the year, Smiths News anticipates rising wages due to a combination of factors, including general wage inflation, an increase in the National Living Wage, a lower Employer National Insurance threshold, and a higher Employer National Insurance headline rate. We will begin to see these impacts in the second half, as previously flagged and built into market expectations.

### **Strong cash generation**

The Company continues to maintain strong levels of cash generation, supported by the resilient performance of our news and magazines business.

In HY2025, the business generated £13.3m of free cash flow (HY2024: £4.2m), in line with internal targets. This increase included the one-off benefits of a £1.5m tax pension refund and the receipt of a first interim dividend from the administrators of McColl's Retail Group ("McColl's") of £1.6m. Post-period end, the Company received a second interim dividend of £1.7m, taking the total payments now received from the administrators to 61% of the total debt balance. A final dividend is expected later this financial year.

### **Board changes**

Manju Malhotra joined the Board as an independent non-executive director and member of Smiths News' Audit, Remuneration, Sustainability and Nominations Committees with effect from 16 January 2025. Ms Malhotra has extensive experience, having held a number of senior financial and operational roles, and we are pleased to welcome her to Smiths News.

Denise Collis retired from the Board following the conclusion of her nine-year term with Smiths News at the Company's AGM held in January 2025. Ms Collis' oversight and guidance have contributed greatly to the overall success of the Company during her time on the Board and as a chair of the Remuneration Committee and we are grateful for her work. Michael Holt, current independent non-executive director and designated director for colleague engagement, has been appointed into the additional role of chair of the Remuneration Committee. Mr Holt has been a member of the Board and Remuneration Committee since 2018 and his experience to date stands him in good stead to take over as chair.

On 4 March 2025, it was announced that Paul Baker, Chief Financial Officer ("CFO"), had informed the Board of his intention to step down as director and CFO, to join a large private business, operating in a different sector.

Paul will remain with the Company through his notice period whilst a replacement is found, to ensure a seamless and effective transition of responsibilities. The search for Paul's successor has commenced and we will provide a further update in due course.

### **Dividend**

An interim dividend of 1.75p per share will be paid on 3 July 2025 (HY2024: 1.75p per share) to shareholders on the register on 6 June 2025. The ex-dividend date will be 5 June 2025.

In line with our capital allocation policy announced in May 2024, the Company commits to paying a sustainable ordinary dividend to shareholders, maintaining 2x dividend cover, and will make further returns to shareholders when appropriate and prudent to do so.

### **Outlook**

After a solid start to the current financial year, the Company begins the second half of FY2025 on a strong footing. Revenue, adjusted operating profit and cash generation are all in line with market expectations for the full year. We have successfully advanced our growth initiatives and expect to provide a more comprehensive update on the progress of these at the full year.

Smiths News remains a trusted partner in the early morning final mile space, consolidated by our strong track record of high-quality service delivery to the news and magazines market. We are making progress with our stated goal of becoming the UK's leading provider of early morning, end-to-end supply chain solutions and management looks forward to updating shareholders in more detail at the Company's full year results in November 2025.

## FINANCIAL REVIEW

### Overview

The Company has traded well in the first half of the year and is in line with full year expectations. Adjusted operating profit of £19.4m (HY2024: £18.8m) and Adjusted profit after tax of £13.1m (HY2024: £11.8m) are both ahead of last year, the Company has continued to generate a predictable level of cash flow and average net debt in the period reduced to £1.1m (HY2024: £12.5m).

Revenue of £536.4m (HY2024: £539.8m) was down 0.6% on the prior period, with lower volumes of newspapers and magazines offset by the benefits of cover price increases, increased sales of collectables and the annualisation of the contract wins in Q2 FY2024. Excluding the impact of contract wins, newspaper and magazine revenues decreased by 3.1%.

Adjusted operating profit was £0.6m higher than last period (HY2025: £19.4m; HY2024: £18.8m) due to a beneficial margin mix on sales and with cost reduction plans more than offsetting the impact of inflation.

Adjusted profit before tax was £1.8m higher (HY2025: £17.7m; HY2024: £15.9m), as lower borrowings, interest rates and fees since the May 2024 refinancing have reduced finance costs (HY2025: £1.7m; HY2024: £2.9m).

Adjusted profit after tax increased from £11.8m to £13.1m and adjusted EPS has increased by 10.2% from 4.9p to 5.4p.

Statutory profit after tax was £13.5m (HY2024: £11.6m) and included a net credit from adjusting items of £0.4m (HY2024: £0.2m cost). Adjusting items in the period consisted of a £1.7m provision reversal following notification of a second dividend from the McColls administrator, professional fees of £0.6m in relation to the Pension regulator's review of the Tuffnells defined benefit pension scheme and technology investment costs of £0.4m. Statutory EPS increased by 16.7% from 4.8p to 5.6p.

Average Bank Net Debt for the period decreased from £12.5m in HY2024 to £1.1m in HY2025, with good ongoing cash flow generation. Bank Net Debt increased by £2.4m from £10.0m at HY2024 to £12.4m, due to the movement of the period end in the Company's working capital cycle. Bank Net Debt on 24 February 2025 (52 weeks after the prior period balance sheet date) was £0.8m, closer to the average Bank Net Debt point.

Free cash flow was £13.3m (HY2024: £4.2m) and benefitted from an increase in profit (£1.2m higher than last year), smaller working capital outflow (£4.8m lower), lower interest costs (£0.8m lower) and a net inflow from adjusting items (£2.3m higher). Adjusting item inflows included the £1.6m first dividend from McColls administrators and a £1.5m tax refund in respect of the wind up of the Smiths News pension scheme during FY2022. These inflows were offset by professional fees in relation to the review of the Tuffnells pension scheme and technology investment costs.

An interim dividend of 1.75p (HY2024: 1.75p) per share (£4.2m) is due to be paid in July 2025.

### Adjusted results Group

£m	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024	Change
Revenue	<b>536.4</b>	539.8	(0.6%)
Operating profit	<b>19.4</b>	18.8	3.2%
Net finance costs	<b>(1.7)</b>	(2.9)	(41.4%)
Profit before tax	<b>17.7</b>	15.9	11.3%
Taxation	<b>(4.6)</b>	(4.1)	12.2%
<i>Effective tax rate</i>	<b>26.0%</b>	25.8%	0.2%
Profit after tax	<b>13.1</b>	11.8	11.0%

## Revenue

Revenue was £536.4m (HY2024: £539.8m), down 0.6% on the prior period, with lower newspaper and magazines volumes offset by the benefits of News UK and Midlands News Association contract wins (Q2 FY2024), cover price increases and increased sales of trading card and sticker collectables.

Newspaper revenues decreased by 0.4% (HY2024: 0.2% decrease) and by 2.6% excluding the annualisation of the FY2024 contract wins. Magazine revenue was 4.6% lower (HY2024: 5.0% lower) with weekly titles performing better than monthly titles. Revenue from collectables increased by 4.3% (HY2024: 4.5% decrease), underpinned by good Premier League and Champions League football collections and the popularity of the current Pokémon series.

## Operating profit

Adjusted operating profit increased by £0.6m to £19.4m (HY2024: £18.8m), driven by the following items:

- Increased contribution from revenue streams of £1.1m including beneficial margin mix, improved sales from collectables, annualisation of FY2024 contract wins, and increased contribution from growth activities.
- Cost reduction plans within depot and overheads (+£3.0m) which offset inflationary increases (total -£2.2m).
- Additional technology costs of £0.6m, including license fees for the newly implemented warehouse management system.
- The impact of £0.7m strategy investment costs not expected to repeat.

## Profit after tax

Net finance costs of £1.7m (HY2024: £2.9m) were lower than the prior period, benefitting from lower average debt, lower interest rates and lower fees under the current financing agreement, which has been in place since 2 May 2024. Taxation of £4.6m was £0.5m higher than the prior period due to higher levels of profit. As a result, Profit after tax of £13.1m (HY2024: £11.8m) was £1.3m higher than last year.

## Statutory Results Group

£m	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024	Change
Revenue	536.4	539.8	(0.6%)
Operating profit	20.0	18.6	7.5%
Net finance costs	(1.7)	(2.9)	(41.4%)
Profit before tax	18.3	15.7	16.6%
Taxation	(4.8)	(4.1)	17.1%
Effective tax rate	26.2%	26.1%	0.1%
<b>Profit after tax</b>	<b>13.5</b>	11.6	16.4%

Statutory profit after tax of £13.5m was a £1.9m increase on the prior period (HY2024: £11.6m). The increase was driven by the £1.3m increase in Adjusted profit after tax described above, a £0.6m difference in adjusting items after tax of (HY2025: credit £0.4m, HY2024: cost of £0.2m).

## Earnings per share

	Adjusted		Statutory	
	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
Earnings attributable to ordinary shareholders (£m)	13.1	11.8	13.5	11.6
Basic weighted average number of shares (millions)	242.5	240.9	242.5	240.9
Basic Earnings per share	5.4p	4.9p	5.6p	4.8p
Diluted weighted number of shares (millions)	252.0	251.3	252.0	251.3
Diluted Earnings per share	5.2p	4.7p	5.4p	4.6p

Adjusted basic earnings per share increased by 0.5p to 5.4p (HY2024: 4.9p), driven by the increase in

Adjusted basic earnings per share increased by 0.5p to 5.4p (HY2024: 4.9p), driven by the increase in profit after tax and a decrease in the weighted average number of shares held by the employee benefit trust.

Statutory basic earnings per share increased by 0.8p to 5.6p (HY2024: 4.8p) as it includes the impact of adjusting items which was a net credit of £0.4m (HY2024: £0.2m cost).

## Dividend

	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
Dividend per share (proposed)	1.75p	1.75p
Dividend per share (paid and recognised)	5.40p	2.75p

The Board is proposing an interim dividend of 1.75p per share (HY2024: 1.75p per share). The proposed dividend will be paid on 3 July 2025 to shareholders on the register at close of business on 6 June 2025. The ex-dividend date will be 5 June 2025.

The FY2024 final ordinary dividend of 3.40p per share (£8.3m) and special dividend of 2.00p (£4.9m) were approved by shareholders at the Annual General Meeting on 16 January 2025, paid on 6 February 2025 and is recognised in the Interim Financial Statements.

## Adjusting items

£m	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
Tuffnells costs	(0.6)	(0.1)
Technology transformation costs	(0.4)	-
Network and reorganisation costs	(0.1)	(0.1)
Impairment of receivables - McColl's	1.7	-
<b>Total before taxation</b>	<b>0.6</b>	<b>(0.2)</b>
Taxation	(0.2)	-
<b>Total after taxation</b>	<b>0.4</b>	<b>(0.2)</b>

Adjusting items after tax were a net credit of £0.4m (HY2024: costs of £0.2m).

Tuffnells costs of £0.6m arose from professional fees incurred in responding to a detailed information request from the Pensions Regulator in respect of its formal investigation into the Tuffnells defined benefit pension scheme. Technology transformation costs of £0.4m were incurred in respect of implementing enhanced technology infrastructure, and £0.1m of costs arose in relation to simplifying the Group structure. The Company also recognised a £1.7m impairment reversal of the provision for McColl's receivables following notification of a second dividend by the administrator. The second dividend was received in cash after the period end.

In the prior period, the Company incurred £0.1m in respect of additional insurance claims following Tuffnells falling into administration during FY2023 and £0.1m of in relation to simplifying the Group structure.

Further information on these items can be found in Note 3 to the Interim Financial Statements. Adjusting items are defined in the Glossary to the Interim Financial Statements and present a further measure of the Company's performance. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team. Alternative Performance Measures (APMs) should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

## Free cash flow

£m	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
Adjusted operating profit	19.4	18.8



Adjusted operating profit	20.7	20.8
Depreciation and amortisation	4.6	4.0
Adjusted EBITDA	24.0	22.8
Working capital movements	(2.5)	(7.3)
Capital expenditure	(2.3)	(1.9)
Lease payments	(3.3)	(2.7)
Net interest and fees	(1.6)	(2.4)
Taxation	(3.6)	(4.3)
Other	0.5	0.2
<b>Free cash flow (excluding Adjusting items)</b>	<b>11.2</b>	4.4
Adjusting items (cash effect)	2.1	(0.2)
<b>Free cash flow</b>	<b>13.3</b>	4.2

Free cash flow of £13.3m (HY2024: £4.2m) was £9.1m higher, driven by a £4.8m decrease in working capital outflows, and £2.3m higher cash inflows from adjusting items.

The decrease in working capital of £2.5m (HY2024: £7.3m) since year end is due to the timing of period end compared to the billing cycles of both publishers and retailers.

Cash capital expenditure in the period was £2.3m (HY2024: £1.9m), an increase of £0.4m and includes investments in technology, warehouses and offices.

Lease payments of £3.3m (HY2024: £2.7m) increased by £0.6m due to lease renewals contracted in FY2024.

Net interest and fees of £1.6m (HY2024: £2.4m) decreased by £0.8m, due to lower average net debt, the absence of a term loan and a lower interest margin following refinancing in the second half of FY2024 and lower SONIA rates.

Cash tax outflow of £3.6m (HY2024: £4.3m) was a £0.7m decrease, owing to a refund of corporation tax received in the current period.

Other items relate to non-cash share-based payment expenses and are linked to the expected outcome of performance related share schemes.

The total net cash impact of other Adjusting items was a net inflow of £2.1m (HY2024: outflow of £0.2m). In the current period, there were two significant inflows; £1.6m was received from the McColls administrators as a first dividend, and a £1.5m tax refund in respect of the wind up of the Smiths News pension scheme during FY2022. Offsetting these items were £0.6m of professional fees in respect of the Pensions Regulator's investigation into the Tuffnells pension scheme and £0.4m relating to technology investments. In the prior period, the outflow of £0.2m resulted from the £0.1m settlement of Tuffnells insurance claims and reorganisation costs of £0.1m.

Refer to the Glossary for a reconciliation of free cash flow to the net movement in cash and cash equivalents.

#### Net debt

£m	As at 1 Mar 2025	As at 24 Feb 2024
Opening Bank Net Debt	(11.0)	(4.2)
<b>Free cash flow</b>	<b>13.3</b>	4.2
Dividend paid	(13.2)	(6.7)
Purchase of shares for employee benefit trust	(1.5)	(3.3)
<b>Bank Net Debt</b>	<b>(12.4)</b>	(10.0)

Bank Net Debt at 1 March 2025 was £12.4m, compared to £10.0m at 24 February 2024, an increase of £2.4m. Average daily net debt reduced to £1.1m from £12.5m in the prior period.

Compared to average net debt, reported bank net debt is impacted by the payment of the final ordinary

compared to average net debt, reported bank net debt is impacted by the payment of the final ordinary dividend and special dividend which were paid on 6 February 2025 and a working capital outflow in the final week of the period, part of the Company's normal working capital cycle.

The Company's Bank Net Debt: Bank EBITDA ratio remained at 0.3x (HY2024: 0.3x). The prior period ended before major publisher payments were made at the end of the calendar month, which benefitted reported Bank Net Debt.

The Bank Net Debt: Bank EBITDA ratio of 0.3x is within our main leverage covenant ratio of 2.50x (HY2024: 1.50x) and we remain within all our other bank covenant tests at the period end.

Refer to the Glossary for a reconciliation of Bank Net Debt (which excludes IFRS 16 lease liabilities and unamortised arrangement fees) to the balance sheet.

During the current period, the FY2024 final ordinary dividend of £8.3m (HY2024: FY2023 final dividend of £6.7m) and a special dividend of £4.9m (HY2024: £nil) were paid, bringing the total dividends paid in respect of FY2024 to £17.4m (FY2023: £10.0m).

## PRINCIPAL AND EMERGING RISKS

The Company has a clear framework in place to continuously identify and review both the principal and emerging risks it faces. This includes, amongst others, a detailed assessment of business and functional teams' principal and emerging risks and regular reporting to, and robust challenge from, both the Executive Team and Audit Committee. The directors' assessment of these risks is aligned to the strategic business planning process and regulatory landscape.

Specifically, key risks are plotted on risk maps with descriptions, owners, and mitigating actions, reporting against a level of materiality (principally relating to impact and likelihood) consistent with their size. These risk maps are reviewed and challenged by the Executive Team and Audit Committee and reconciled against the Company's risk appetite. As part of the regular principal risk process, a review of emerging risks (internal and external) is also conducted, and a list of emerging risks is maintained and rolled-forward to future discussions by the Executive Team and Audit Committee. Where appropriate, these emerging risks may be brought into the principal risk registers. Additional risk management support is provided as required by external experts in areas of technical complexity to complete our bottom-up and top-down exercises.

As part of the Board's ongoing assessment of the principal and emerging risks, the Board has considered the performance of the business, its markets, the changing regulatory and macro-economic landscape, the Company's future strategic direction and ambition as well as the ongoing climate-related risk environment. The directors have carried out a robust assessment of the Company's emerging and principal risks, including those that could threaten its business model, future performance, solvency or liquidity. Risks are still subject to ongoing scrutiny, monitoring and appropriate mitigation.

The table below details each principal business risk, those aspects that would be impacted were the risk to materialise, our assessment of the current status of the risk and how each is mitigated.

Principal risks and potential impact	Mitigations	Strategic link/change
<b>1. Cyber security</b>		
<p>Global trends demonstrate a continued high volume of cyber-attacks against all industry sectors and that cyber threats continue to indiscriminately evolve.</p> <p>To meet the needs of our stakeholders, our IT infrastructure and data processes need to be flexible, reliable and secure from cyber-attacks.</p> <p>Secure infrastructure acts as a deterrent to and helps prevent and/or mitigate the impact of external cyber-attack, internal threat or supplier-related breach, which could cause service interruption and/or the loss of</p>	<ul style="list-style-type: none"> <li>Defined risk-based approach to the information security roadmap and technology strategy which is aligned to the strategic plans.</li> <li>Regular tracking of key programmes against spend targets and delivery dates.</li> <li>The Company assesses cyber risk on a day-to-day basis, using proactive and reactive information security controls to detect and mitigate common threats.</li> <li>Dedicated information security investments and access to third-party cyber security specialists, including 24/7 security monitoring, incident</li> </ul>	<p>Strategic link: Technology</p> <p>Change: Stable - despite ongoing investment and enhancements in the Company's IT infrastructure and IT security the backdrop remains heightened, leading to a stable risk assessment.</p>

<p>interruption and/or the loss of Company and customer data.</p> <p>Cyber incidents could lead to major adverse customer, financial, reputational and regulatory impacts.</p>	<p>IT security, monitoring, incident response and specialist testing.</p> <ul style="list-style-type: none"> <li>The Company encourages a cyber-aware culture by undertaking exercises, such as computer-based training and simulated phishing attacks and regular communications about specific cyber threats.</li> <li>All functions that place reliance on business systems have established business continuity plans that set out how to conduct key activities if a system interruption takes place due to a disruptive event such as a cyber-attack.</li> </ul>	
<b>2. Macro-economic uncertainty</b>		
<p>Deterioration in the macro-economic environment could result in supply side cost inflation and/or a reduction in demand-side sales volumes.</p> <p>Supply-side macro-economic pressures could present the Company with additional cost challenges, e.g. increased competition in the distribution labour market and rises in fuel and utility prices. Adverse changes to economic conditions could result in reduced consumer demand for newspapers and magazines and/or reduction in titles/editions. These cost increases and sales pressures present a risk when they cannot be fully mitigated through increased prices or other productivity gains.</p> <p>This could result in deterioration in the level of profitability in both the short and medium term and impacts on the Company's ability to execute its strategies, including level of debt and liquidity objectives.</p>	<ul style="list-style-type: none"> <li>Annual budgets and forecasts take into account the current macro-economic environment to set expectations internally and externally, allowing for or changing objectives to meet short and medium term financial targets.</li> <li>Weekly cost monitoring enables oversight and action on a timely basis.</li> <li>Cover price increases in magazine and newspaper titles provide some offset against the impact of volume decline.</li> <li>Predictable level of volume decline within the news and magazine wholesaling business enables cost optimisation planning.</li> <li>Use of fixed-term contracts as a hedge against rapidly rising prices e.g. energy costs.</li> <li>The Company continues to be significantly cash generating to support its strategic priorities.</li> </ul>	<p>Strategic link:</p> <p>Cost and efficiencies, Operations</p> <p>Change:</p> <p>Stable - whilst the growth outlook for the UK economy remains uncertain in 2025, inflation has moderated, although still above the Bank of England's target range. Increases in the National Living Wage in excess of inflation and Employers' National Insurance took effect in April 2025. In addition, the Employment Rights Bill is expected to receive royal ascent in the near future and this is expected to add to the Company's cost base.</p>
<b>3. Changes to retailers' commercial environment</b>		
<p>Our largest retailers (e.g. grocers and symbol group members) remain under significant pressure to maximise sales and profitability by channel within their retail stores and at associated sale outlets, such as at petrol forecourt stores. This could result at any time in a category review of the newspaper and/or magazine channel, leading to a significant reduction in newspapers' and/or magazines' selling space-in-store (or its location) in favour of other higher margin products and/or the delisting of all/particular titles of newspapers and/or magazines.</p> <p>A reduction in (or change in location of) sales space and/or full delisting of newspapers and/or magazines by our largest retailers (or a high number of other retailers) could materially reduce the Company's revenue, profitability and cash flow.</p>	<ul style="list-style-type: none"> <li>Our EPoS-based returns (EBR) solution is utilised by our largest retailers, improving staff efficiency in managing the magazine category, thereby reducing cost to the retailer.</li> <li>Potential to extend EBR to newspapers in order to broaden efficiency-benefits to retailers.</li> <li>Supply-side shrink activities underway and renewed focus improve channel profitability and reduce complexity associated with the category.</li> <li>Form stronger partnerships with emerging retailers to stock magazines and newspapers.</li> <li>Monitor the impact to the business of a change to major retail customer ownership.</li> </ul>	<p>Strategic link:</p> <p>Cost and efficiencies</p> <p>Change:</p> <p>Stable</p>
<b>4. Acquisition and retention of labour</b>		
<p>Due to competition and constraints in the current distribution labour market, this could lead to an increased risk of being unable to recruit and/or retain warehouse colleagues and support staff.</p> <p>The same pressures are also being felt in sourcing and retaining delivery sub-contractors as well as</p>	<ul style="list-style-type: none"> <li>We seek to offer market competitive terms to ensure talent remains engaged.</li> <li>We offer long-term contracts with our sub-contracted delivery partners.</li> <li>We use a variety of platforms to recruit employees and delivery sub-contractors.</li> </ul>	<p>Strategic link:</p> <p>People first, Culture and values, Cost and efficiencies</p> <p>Change:</p>

<p>filling in-house roles within our central support functions.</p> <p>A failure to maintain an appropriate level of resourcing could result in increased costs, employee disengagement and/or loss of management focus which underpin our ability to address the strategic priorities and to deliver forecasted performance.</p>	<ul style="list-style-type: none"> <li>• The level of vacancies across warehouse and delivery sub-contractors is monitored daily.</li> <li>• We undertake workforce planning; performance, talent and succession initiatives; learning and development programmes; and promote the Company's culture and core values.</li> <li>• Retention plans are reviewed to address key risk areas, and attrition across the business is regularly monitored.</li> <li>• Regular surveys are undertaken to monitor the engagement of colleagues.</li> </ul>	<p>-</p> <p>Decreasing - whilst retaining delivery sub-contractors remains challenging in parts of our territory, in-house vacancies have reduced, and staff turnover compares favourably with our sector.</p>
<b>5. Growth and diversification</b>		
<p>A successful growth and diversification strategy is essential to the long-term success of the Company.</p> <p>Implementing new business growth opportunities to increase the Company's revenue and profit streams carries an execution risk to achieving our vision and purpose.</p>	<ul style="list-style-type: none"> <li>• Strong project management and governance in place to sign-off growth initiatives and oversee their implementation.</li> <li>• A Growth Business Development Group and Growth Operations Delivery Steering Committee have been established to review and control new business opportunities and then plan and measure the impact of these opportunities on established operations.</li> <li>• Experimentation through trials of new business opportunities is deployed to assess the demand and potential economic benefit of such opportunities.</li> <li>• The Executive Team's balanced scorecard of key performance indicators ensures sub-optimal performance is tracked and monitored on a regular basis and allows appropriate interventions to be made.</li> </ul>	<p>Strategic link:</p> <p>Cost and efficiencies</p> <p>Change:</p> <p>Stable - as Growth initiatives become a more significant part of our business, space and capacity constraints at both our sites and in delivery vehicles are increasing.</p>
<b>6. Sustainability and climate change</b>		
<p>Our sustainability linked risks extend beyond the physical and transitional risks associated with climate change which we have previously identified, such as a scarcity of resources, extreme weather events, power outages, increasing regulation and associated cost in response to a drive to 'net zero' carbon emissions and the increasingly stringent air quality emission zones. Regulatory requirements and reporting obligations on environmental, social and governance (ESG) matters are increasing and ongoing investment is required to maintain a safe working environment and to protect the Company from cyber-attacks, as well as making progress in delivering on our diversity and inclusion ambitions. In common with all major organisations, there is a risk of reputational damage and/or loss of revenue if the Company fails to meet stakeholder expectations across our sustainability framework.</p>	<ul style="list-style-type: none"> <li>• Board Sustainability Committee established (chaired by the Chief Financial Officer) to consider and determine the Company's sustainability strategy and progress, together with risk environment and activities and actions.</li> <li>• Dedicated management Sustainability Steering Committee established (also chaired by the Chief Financial Officer) coordinates the Company's day-to-day activities and actions in delivering the Company's sustainability strategy, including in relation to climate change.</li> <li>• We work with suppliers to ensure they share the Company's vision to act on sustainability and climate change.</li> <li>• Emissions and air quality targets in UK towns and cities are monitored by a central team in the Operations function which ensures the Company can fulfil its obligations to customers and remain compliant with legal requirements.</li> <li>• Operational sites are reviewed for their resilience to extreme weather events, such as flooding, with upgrades and interventions made where these are cost-effective. Depots are relocated to new sites (e.g. during lease break windows) where this represents a better option than adapting an existing location.</li> </ul>	<p>Strategic link:</p> <p>Cost and efficiencies, Operations, Sustainability</p> <p>Change:</p> <p>Stable</p>
<b>7. Major newspaper titles exit the market or move to digital only editions</b>		
<p>Significant decline in advertising and/or circulation revenues, together with rising production costs. could lead to one or more</p>	<ul style="list-style-type: none"> <li>• We seek to ensure full availability of alternative newspaper titles to maximise substitution opportunities for customers.</li> </ul>	<p>Strategic link:</p> <p>Cost and efficiencies,</p>

<p>could, could lead to one or more national newspaper titles exiting the market and/or publications being taken fully digital. This could lead to a significant deterioration in the Company's profitability and cash flow in both the short and medium term, as well as impacting on its ability to execute its strategies.</p>	<ul style="list-style-type: none"> <li>Partial mitigation against newspaper title closures is built into our contracts with major publishers.</li> <li>Ongoing successful execution of our growth and diversification strategy provides longer-term mitigation through alternative profitable revenue streams.</li> </ul>	<p>Change:</p> <p>Stable</p>
<b>8. Legal and regulatory compliance</b>		
<p>The Company is required to be compliant with all applicable laws and regulations. Failure to adhere to these could result in financial penalties, third party redress, and/or reputational damage.</p> <p>Key areas of legal and regulatory compliance include:</p> <ul style="list-style-type: none"> <li>GDPR</li> <li>Health and Safety</li> <li>Tax compliance</li> <li>Environmental legislation</li> <li>Employment law</li> </ul>	<ul style="list-style-type: none"> <li>Changes in laws and regulations are monitored, with policies and procedures being updated as required.</li> <li>Business-wide mandatory training programmes for higher-risk regulatory areas.</li> <li>External experts are engaged where applicable.</li> <li>All major policies are reviewed by the Board or Audit Committee on an annual basis.</li> <li>Operational auditing and monitoring systems for higher risk areas.</li> </ul>	<p>Strategic link:</p> <p>Technology, Sustainability, Operations</p> <p>Change:</p> <p>Stable</p>

## RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the unaudited condensed set of financial statements has been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting';
- the interim management report includes a true and fair review of the information required by DTR 4.2.7R, being an indication of important events during the first 26 weeks and description of principal risks and uncertainties for the remaining 26 weeks of the year; and
- the interim management report includes a true and fair review of the information required by DTR 4.2.8R, being disclosure of related parties' transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Jonathan Bunting  
Chief Executive Officer  
6 May 2025

Paul Baker  
Chief Financial Officer  
6 May 2025

## INTERIM FINANCIAL STATEMENTS

### Condensed Consolidated Income Statement (Unaudited)

For the 26 weeks to 1 March 2025

£m	Note	26 weeks to 1 March 2025			26 weeks to 24 Feb 2024		
		Adjusted	Adjusting items*	Total	Adjusted	Adjusting items*	Total
<b>Revenue</b>		<b>536.4</b>	<b>-</b>	<b>536.4</b>	539.8	-	539.8
Cost of sales		(499.1)	-	(499.1)	(504.9)	-	(504.9)
<b>Gross profit</b>		<b>37.3</b>	<b>-</b>	<b>37.3</b>	34.9	-	34.9
Administrative expenses	3	(17.8)	(1.1)	(18.9)	(16.2)	(0.2)	(16.4)
Net impairment (loss)/reversal on trade receivables		(0.1)	1.7	1.6	-	-	-
Income from joint ventures		-	-	-	0.1	-	0.1
<b>Operating profit</b>	2	<b>19.4</b>	<b>0.6</b>	<b>20.0</b>	18.8	(0.2)	18.6

Operating profit	3	17.7	0.6	18.3	15.9	(0.2)	15.7
Finance costs		(1.8)	-	(1.8)	(3.2)	-	(3.2)
Finance income		0.1	-	0.1	0.3	-	0.3
<b>Profit before tax</b>	3	<b>17.7</b>	<b>0.6</b>	<b>18.3</b>	15.9	(0.2)	15.7
Income tax expense	4	(4.6)	(0.2)	(4.8)	(4.1)	-	(4.1)
<b>Profit for the period attributable to equity shareholders</b>		<b>13.1</b>	<b>0.4</b>	<b>13.5</b>	11.8	(0.2)	11.6
<b>Earnings in pence per share</b>							
Basic	6	5.4		5.6	4.9		4.8
Diluted	6	5.2		5.4	4.7		4.6
<b>Equity dividends pence per share (paid and proposed)</b>	5			1.75			1.75

\*This measure is described in the Glossary. Adjusting items are set out in Note 3 of the interim financial statements.

### Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the 26 weeks to 1 March 2025

£m	Notes	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
Profit for the period		13.5	11.6
<b>Items that may be reclassified to the Income Statement:</b>			
Currency translation differences		-	(0.1)
<b>Items that will not be reclassified to the Income Statement:</b>			
Tax credit on pension surplus	7	1.5	-
<b>Total comprehensive income for the period</b>		<b>15.0</b>	11.5

### Consolidated Balance Sheet (Unaudited)

As at 1 March 2025

£m	Note	As at 1 Mar 2025	As at 31 Aug 2024
<b>Non-current assets</b>			
Intangible assets		2.5	2.4
Property, plant and equipment		10.1	9.7
Right of use assets		29.5	29.5
Interest in joint ventures		4.7	4.6
Deferred tax assets		0.9	1.3
		47.7	47.5
<b>Current assets</b>			
Inventories		15.9	22.1
Trade and other receivables		103.2	102.1
Cash and cash equivalents	8	6.3	7.0
Corporation tax receivable		-	0.9
		125.4	132.1
<b>Total assets</b>		<b>173.1</b>	179.6
<b>Current liabilities</b>			
Trade and other payables		(120.3)	(128.5)
Corporation tax payable		(0.2)	-
Lease liabilities		(5.4)	(5.5)
Provisions	9	(0.6)	(1.3)
		(126.5)	(135.3)
<b>Non-current liabilities</b>			
Borrowings	8	(18.4)	(17.6)
Lease liabilities		(25.3)	(25.4)
Provisions	9	(4.8)	(4.6)
		(48.5)	(47.6)
<b>Total liabilities</b>		<b>(175.0)</b>	(182.9)
<b>Total net liabilities</b>		<b>(1.9)</b>	(3.3)

## Equity

Called up share capital	11	12.4	12.4
Share premium account	11	60.5	60.5
Other reserves		(282.7)	(283.6)
Retained earnings		207.9	207.4
<b>Total shareholders' deficit</b>		<b>(1.9)</b>	<b>(3.3)</b>

## Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the 26 weeks to 1 March 2025

£m	Note	Share Capital	Share Premium Account	Other Reserves	Retained Earnings	Total equity
<b>Balance at 1 September 2024</b>		<b>12.4</b>	<b>60.5</b>	<b>(283.6)</b>	<b>207.4</b>	<b>(3.3)</b>
Profit for the period		-	-	-	13.5	13.5
Tax credit on pension surplus		-	-	-	1.5	1.5
Total comprehensive income for the period		-	-	-	15.0	15.0
Dividends paid	5	-	-	-	(13.2)	(13.2)
Employee share schemes purchases		-	-	(1.5)	-	(1.5)
Employee share scheme awards		-	-	2.4	(1.5)	0.9
Recognition of share-based payments, net of tax		-	-	-	0.5	0.5
Deferred tax recognised in equity		-	-	-	(0.3)	(0.3)
<b>Balance at 1 March 2025</b>		<b>12.4</b>	<b>60.5</b>	<b>(282.7)</b>	<b>207.9</b>	<b>(1.9)</b>

£m	Note	Share Capital	Share Premium Account	Other Reserves	Retained Earnings	Total equity
Balance at 26 August 2023		12.4	60.5	(284.1)	194.9	(16.3)
Profit for the period		-	-	-	11.6	11.6
Currency translation differences		-	-	(0.1)	-	(0.1)
Total comprehensive income for the period		-	-	(0.1)	11.6	11.5
Dividends paid	5	-	-	-	(6.7)	(6.7)
Employee share schemes purchases		-	-	(3.3)	-	(3.3)
Employee share scheme awards		-	-	3.9	(3.9)	-
Recognition of share-based payments, net of tax		-	-	-	1.2	1.2
Deferred tax recognised in equity		-	-	-	(0.3)	(0.3)
Balance at 24 February 2024		12.4	60.5	(283.6)	196.8	(13.9)

## Condensed Consolidated Cash Flow Statement (Unaudited)

For the 26 weeks to 1 March 2025

£m	Note	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
<b>Net cash inflow from operating activities</b>	7	<b>20.4</b>	11.1
<b>Investing activities</b>			
Interest received		0.1	0.3
Dividends received from joint ventures		0.1	0.1
Purchase of fixed assets		(2.3)	(1.9)
<b>Net cash used in investing activities</b>		<b>(2.1)</b>	(1.5)
<b>Financing activities</b>			
Interest paid		(1.7)	(2.7)
Dividend paid		(13.2)	(6.7)
Repayments of lease principal		(3.3)	(2.7)
Net increase in revolving credit facility	8	0.7	-
Repayment of term loan	8	-	(15.0)
Purchase of shares for employee benefit trust		(1.5)	(3.3)
<b>Net cash used in financing activities</b>		<b>(19.0)</b>	(30.4)
Net decrease in cash and cash equivalents		(0.7)	(20.8)
Cash and cash equivalents at start of period		2.0	22.8
<b>Cash and cash equivalents at end of period</b>		<b>1.3</b>	2.0

Opening net cash and cash equivalents	7.0	57.5
<b>Closing net cash and cash equivalents</b>	<b>6.3</b>	16.5

## Notes to the Condensed Unaudited Interim Financial Statements

For the 26 weeks to 1 March 2025

### 1 Basis of Preparation

Smiths News plc is comprised of the Company and its subsidiaries (together referred to as the 'Group').

These unaudited condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the 2024 Annual Report and Accounts. The financial period represents the 26 weeks ended 1 March 2025 (prior period 26 weeks ended 24 February 2024).

The Group has applied the same accounting policies and methods of computation in these interim consolidated financial statements, as in its statutory accounts for the 53 weeks ended 31 August 2024, with the exception of changes as detailed in Note 2.

These condensed consolidated interim financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the 53 weeks ended 31 August 2024 has been filed with the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The auditor's review opinion on the 26-week period ended 1 March 2025 is at the end of this report.

#### Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis.

The Group had a net liability position of £1.9m as at 1 March 2025. All bank covenant tests were met at the period end with the key Bank Net Debt: Bank EBITDA ratio of 0.3x which is below the period end facility agreement covenant test threshold of 2.5x (H1 2024: 1.5x). The threshold remains at 2.5x throughout the life of the facility and tested at each quarter end. If this covenant was breached, the loan could become repayable on demand.

The Group utilises a £40.0m Revolving Credit Facility (RCF) to manage its cash needs. At the end of the period £19.8m was available and the Group had £6.3m of cash on hand, giving headroom of £26.1m. The average daily Bank Net Debt during the period was £1.1m (H1 2024: £12.5m). The RCF is in place to accommodate the Group's intra-month working capital cash flow cycle which generates a predictable cash swing.

#### Bank facility

The Group's banking facility at the balance sheet date comprises an RCF of £40.0m and an uncommitted accordion facility of £10.0m. The RCF is available less committed letters of credit amounting to £1.5m (see Note 10). The agreement is with HSBC and Santander.

The facility's current margin is 2.45% per annum over SONIA and at the balance sheet date had a final maturity date of 2 May 2027 with the option of two one-year extensions with lender consent on the first and second anniversaries. After the balance sheet date, the first one-year extension was exercised which extended the maturity date to 2 May 2028.

#### Reverse stress testing

The directors have prepared their base case forecast which represents their best estimate of cash flows



over the going concern period which is the 16 months up to 29 August 2026, and in accordance with FRC guidance have prepared a reverse stress test that identifies either a lack of liquidity or breach of the Bank Net Debt: Bank EBITDA ratio that at peak debt would create a scenario which could lead to the facility being exhausted or becoming repayable on demand, respectively.

A covenant break would occur in August 2026 if EBITDA was 77% below the Board approved three-year plan. The directors consider the likelihood of this level of downturn to be remote based on:

- current trading which is in line with expectations;
- year-on-year declines in revenues would have to be significantly greater than historical trends;
- publisher contracts secured representing 91% of existing revenues through to 2029; and
- the Company continues to trade with adequate profit to service its debt covenants.

### **Mitigating actions**

In the event the break environment scenario went from being remote to possible then management would seek to take mitigating actions to maintain liquidity and compliance with the bank facility covenants.

The options within the control of management would be to:

- Optimise liquidity through working capital management of the peak-to-trough intra-month movement. Utilising existing vendor management finance arrangements;
- Arrangements with retailers and optimising contractual payment cycles to suppliers which would improve liquidity headroom;
- Not pay planned dividend payments;
- Delay non-essential capex projects;
- Cancel discretionary annual bonus payments;
- Increase the principal facility amount by exercising the £10m accordion option in the RCF Facility; and
- Identify other overhead and depot savings.

More extreme mitigating actions would also be available if the scenario arose.

### **Assessment**

Having considered the above and the funding requirements of the Group, the directors are confident that headroom under the bank facility remains adequate, future covenant tests can be met and there is a reasonable expectation that the business can meet its liabilities as they fall due for a period of greater than 12 months (being an assessment period of 16 months) from the date of approval of the Interim Financial Statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements and no material uncertainty has been identified.

## **2 Accounting policies**

### **Changes in accounting policies**

During the period the Group has adopted the following amendments to accounting standards:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1;
- Non-current Liabilities with Covenants - Amendments to IAS 1;
- Lease liabilities in a Sale and Leaseback - Amendments to IFRS 16; and
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These amendments adopted had no impact on the financial statements to prior periods and are not expected to significantly affect the current or future periods.

### **New standards in issue but not yet effective**

IFRS 18 - Presentation and Disclosure of Financial Statements was issued in April 2024 and replaces IAS 1 - Presentation of Financial Statements. The standard sets out new requirements for presentation in the income statement, including specified totals and subtotals, additional guidance on aggregation and disaggregation, and additional required disclosures in respect of management performance measures.

disaggregation, and additional required disclosures in respect of management performance measures (which replace alternative performance measures).

The impact of this standard on the Group is currently being assessed. The standard is effective from 1 January 2027 with early adoption permitted.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **Alternative performance measures**

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 (listed in the Glossary), are not considered to be a substitute for, or superior to, IFRS measures but provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Team.

The APMs do not have standardised meaning prescribed by IFRS and therefore may not be directly comparable to similar measures presented by other companies.

### **Estimates and judgements**

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

### **Key accounting judgements**

The significant judgements made are as follows:

#### Revenue recognition - sales of newspapers and magazines

The Group recognises the wholesale sales price for its sales of newspapers and magazines. The Group is considered to be the principal based on the following indicators of control over its inventory: discretion to establish prices; it holds some of the risk of obsolescence once in control of the inventory; and has the responsibility of fulfilling the performance obligation on delivery of inventory to its customers. If the Group were considered to be the agent, revenue and cost of sales would reduce by £453.9m (H1 2024: £458.7m).

#### Adjusting items

Adjusting items of income or expense are excluded in arriving at adjusted operating profit to present a further measure of the Group's performance. Each adjusting item is considered to be significant in nature and/or quantum, non-recurring in nature and/or considered to be unrelated to the Group's ordinary activities or consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Executive Team and the Board.

The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. Adjusted measures are defined with other APMs in the Glossary.

Based on the nature of the transactions, adjusting items after tax totalled a credit of £0.4m (H1 2024: cost of £0.2m) with a breakdown included within Note 3.

### **Key sources of estimation uncertainty**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows.

#### Property provision

The Group holds a property provision which estimates the future liabilities to restore leased premises to an agreed standard at the date the lease is terminated. The provision is calculated based on key assumptions including the length of time properties will be occupied, the future costs of restoration and the condition of the property at the balance sheet date.

The property provision represents the estimated future cost of the Group's potential dilapidation costs on properties across the Group. Provisions have been adjusted for the effect of inflation and discounted to present value and this discount will be unwound over the life of the leases.

A change in any of these assumptions could materially impact the provision balance. Refer to Note 9 for further details on the sensitivity of the assumptions used to calculate the property provision. The property provisions carrying value at the end of the period was £4.8m (FY2024: £5.2m)

#### Impairment of receivables

At 1 March 2025 the Group holds an expected credit loss provision of £2.1m (FY2024: £3.8m) representing 39% (FY2024: 70%) of the total receivables balance of £5.5m from McColl's Retail Group as at the administration date of 9 May 2022.

On 31 October 2024, £1.6m was recovered from the administrators in cash as a first interim dividend. On 27 January 2025, notification was received of the intent to declare a second interim dividend, which was subsequently received on 14 March 2025, totalling £1.7m and reducing the outstanding gross receivable to £2.1m. A final dividend is expected to be declared by the administrators during summer 2025 with no further estimate of expected additional recovery provided.

In consideration of the outstanding receivable and the uncertainty as to the quantum of the final dividend, management has determined that the provision of £2.1m should be held at the balance sheet date.

### **3 Adjusting items**

The table below summarises amounts that have been classified as adjusting items in the period:

<b>£m</b>		<b>26 weeks to 1 March 2025</b>	26 weeks to 24 February 2024
Tuffnells costs	<b>(a)</b>	<b>(0.6)</b>	(0.1)
Technology transformation costs	<b>(b)</b>	<b>(0.4)</b>	-
Network and reorganisation costs	<b>(c)</b>	<b>(0.1)</b>	(0.1)
<b>Administrative expenses</b>		<b>(1.1)</b>	(0.2)
Impairment reversal on trade receivables	<b>(d)</b>	<b>1.7</b>	-
<b>Total before tax</b>		<b>0.6</b>	(0.2)
Taxation		<b>(0.2)</b>	-
<b>Total after taxation</b>		<b>0.4</b>	(0.2)

The Group incurred a total net credit of £0.6m (H1 2024: costs of £0.2m) adjusting items before tax and credits of £0.4m (H1 2024: costs of £0.2m) after tax respectively.

#### **a) Tuffnells costs £0.6m (H1 2024: £0.1m)**

In the current period professional fees of £0.6m were incurred in respect of the Group responding to a detailed information request from the Pensions Regulator in respect of its formal investigation

relating to the Tuffnells defined benefit pension scheme and the Company's former period of ownership of Tuffnells.

In the prior period costs of £0.1m were incurred to provide for additional insurance claims held as a result of Tuffnells falling into administration in June 2023. No further adjustment has been made in the current period to the remaining insurance provision.

The cash impact during the period was an outflow of £0.7m (H1 2024: £0.1m) being £0.6m of professional fees and £0.1m of insurance settlements.

**b) Technology transformation costs £0.4m (H1 2024: £nil)**

During the prior year period, the Group commenced a transformation programme to enhance its technology infrastructure and enable alignment to the Group's vision and strategy.

Implementation costs of £0.4m (H1 2024: £nil) have been recognised as adjusting items given that costs over the three-year programme are expected to be a significant change to the Company. The cash impact was an outflow of £0.3m.

**c) Network and re-organisation costs £0.1m (H1 2024: £0.1m)**

During the current period, an additional £0.1m (H1 2024: £0.1m) of costs were provided for with regards to simplifying the DMD group structure.

The cash impact during the period was an outflow of £0.1m (H1 2024: £0.1m).

**d) Impairment reversal on trade receivables £1.7m (H1 2024: £nil)**

In respect of the administration of McColl's Retail Group during FY2022, at FY2024 a provision of £3.8m was held, representing management's best estimate of recovery of 30% of the total claim filed, as per the issued notification from the administrators.

On 31 October 2024, £1.6m was recovered from the administrators in cash as a first interim dividend. On 14 March 2025, a second interim dividend of £1.7m was recovered, reducing total gross outstanding receivables to £2.1m. A final dividend is expected to be declared by the administrators during summer 2025 with no further estimate of expected additional recovery provided.

In consideration of the outstanding receivable and the uncertainty as to the quantum of the final dividend, management has determined that the provision of £2.1m should be held at the balance sheet date. The reduction in provision of £1.7m since year end is reported as an adjusting item on the same basis as previous impairment losses and reversals recognised during the prior periods.

#### 4 Income tax charge

The income tax charge for the 26 weeks ended 1 March 2025 is calculated based upon the tax rates expected to apply to the Group for the full year. The effective rate of tax on adjusted profits before tax was 26.0% (H1 2024: 25.8%).

A tax rate of 25% was applied to UK corporation tax, and for other jurisdictions taxation was applied using prevailing rates.

#### 5 Dividends

Proposed dividends for the period	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
	Per share	Per share	£m	£m
Interim dividend - proposed	<b>1.75p</b>	1.75p	<b>4.2</b>	4.2
Recognised dividends for the	Per share	Per share	£m	£m

period	per share	Per share	£m	£m
Final dividend - prior year	<b>3.40p</b>	2.75p	<b>8.3</b>	6.7
Special dividend - prior year	<b>2.00p</b>	-	<b>4.9</b>	-

An interim dividend of 1.75p per ordinary share is proposed for the 26-week period to 1 March 2025 (H1 2024: 1.75p per ordinary share), which is expected to be paid on 3 July 2025 to all shareholders who are on the register of members at the close of business on 6 June 2025. The ex-dividend date will be 5 June 2025.

The FY2024 final ordinary dividend of 3.40p per share (£8.3m) and special dividend of 2.00p (£4.9m) were approved by shareholders at the Annual General Meeting on 16 January 2025, paid on 6 February 2025 and is recognised in the Interim Financial Statements.

## 6 Earnings per share

	26 weeks to 1 Mar 2025			26 weeks to 24 Feb 2024		
	Earnings (£m)	Weighted average number of shares million	Pence per share (p)	Earnings (£m)	Weighted average number of shares million	Pence per share (p)
Weighted average number of shares in issue		<b>247.7</b>			247.7	
Shares held by the ESOP (weighted)		<b>(5.2)</b>			(6.8)	
		<b>242.5</b>			240.9	
<b>Basic earnings per share (EPS)</b>						
Adjusted earnings attributable to ordinary shareholders	<b>13.1</b>	<b>242.5</b>	<b>5.4</b>	11.8	240.9	4.9
Adjusting items	<b>0.4</b>			(0.2)		
<b>Earnings attributable to ordinary shareholders</b>	<b>13.5</b>	<b>242.5</b>	<b>5.6</b>	11.6	240.9	4.8
<b>Diluted EPS</b>						
Effect of dilutive securities		<b>9.5</b>			10.4	
Diluted Adjusted EPS	<b>13.1</b>	<b>252.0</b>	<b>5.2</b>	11.8	251.3	4.7
Diluted EPS	<b>13.5</b>	<b>252.0</b>	<b>5.4</b>	11.6	251.3	4.6

The calculation of diluted EPS reflects the potential dilutive effect of employee incentive schemes of 9.5m dilutive shares (H1 2024: 10.4m).

## 7 Net cash inflow from operating activities

£m	26 weeks to 1 Mar 2025	26 weeks to 24 Feb 2024
Operating profit	<b>20.0</b>	18.6
Share of profits of joint ventures	<b>(0.1)</b>	(0.1)
Depreciation of property, plant and equipment	<b>1.2</b>	1.0
Depreciation of right of use assets	<b>3.2</b>	2.8
Amortisation of intangible assets	<b>0.2</b>	0.2
Share-based payments	<b>0.5</b>	0.2
Decrease in inventories	<b>6.2</b>	0.6
Increase in receivables	<b>(1.2)</b>	(3.4)
Decrease in payables	<b>(7.0)</b>	(3.8)
Decrease in provisions	<b>(0.5)</b>	(0.7)
Income tax paid	<b>(3.6)</b>	(4.3)
Refund of tax on pension surplus	<b>1.5</b>	-
<b>Net cash inflow from operating activities</b>	<b>20.4</b>	11.1

Net cash flow from operating activities is stated after a net inflow of £2.1m (H1 2024: £0.2m of outflows) from adjusting items.

During the period the Company received a £1.5m refund of an overpayment of tax made in respect of the wind up of the News Section of the WH Smith Pension Trust defined benefit pension scheme during FY2022. This amount has been presented in other comprehensive income consistent with the original £5.1m charge recognised during FY2022.

## 8 Cash and borrowings

Cash and borrowings by currency (sterling equivalent) are as follows:

£m	Sterling	Euro	USD	Total 1 Mar 2025	At 31 Aug 2024
<b>Cash and cash equivalents</b>	<b>5.6</b>	<b>0.5</b>	<b>0.2</b>	<b>6.3</b>	7.0
Revolving credit facility - disclosed within non-current liabilities	(18.7)	-	-	(18.7)	(18.0)
Unamortised arrangement fees - disclosed within non-current liabilities	0.3	-	-	0.3	0.4
<b>Total borrowings</b>	<b>(18.4)</b>	<b>-</b>	<b>-</b>	<b>(18.4)</b>	(17.6)
<b>Net borrowings</b>	<b>(12.8)</b>	<b>0.5</b>	<b>0.2</b>	<b>(12.1)</b>	(10.6)
<b>Total borrowings</b>					
Amount due after 12 months	(18.4)	-	-	(18.4)	(17.6)

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The Group has a financing facility in place comprising a £40.0m Revolving Credit Facility (RCF) with a £10.0m accordion option. The agreement is with HSBC and Santander. This initial arrangement had a final maturity date of 2 May 2027 with the option of two one-year extensions on the first and second anniversaries. After the balance sheet date, the first one-year extension was exercised which extended the maturity date to 2 May 2028.

At 1 March 2025 £18.7m of the RCF was drawn. The total available amount is £40.0m for the life of the facility. As part of the terms of the financing, the Company and its principal trading subsidiaries provide security over their assets to the lenders. The current rate on the facility is 2.45% per annum over SONIA.

At 1 March 2025, the Company had £21.3m (FY 2024: £22.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This is partially reduced by letters of credit of £1.5m (2024: £1.5m); further details are included in Note 10.

During the period, the net increase of £0.7m in borrowings comprised £74.0m of cash inflows from drawing down the RCF and £73.3m of cash outflows from repayment of the RCF.

#### Analysis of net debt

£m	As at 1 Mar 2025	As at 31 Aug 2024
Cash and cash equivalents	6.3	7.0
Non-current borrowings	(18.4)	(17.6)
<b>Net borrowings</b>	<b>(12.1)</b>	(10.6)
Lease liabilities	(30.7)	(30.9)
<b>Net debt</b>	<b>(42.8)</b>	(41.5)

## 9 Provisions

£m	Reorganisation provisions	Insurance and legal provision	Property provisions	Total
<b>At 1 September 2024</b>	(0.2)	(0.5)	(5.2)	(5.9)
Transfer	0.1	(0.1)	-	-
Charged to income statement	(0.1)	-	(0.1)	(0.2)
Utilised in period	-	0.2	0.6	0.8
Unwinding of discount utilisation	-	-	(0.1)	(0.1)
<b>At 1 March 2025</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>(4.8)</b>	<b>(5.4)</b>
<b>£m</b>				<b>1 Mar 2025</b>
Included within current liabilities				(0.6)
Included within non-current liabilities				(4.8)
<b>Total</b>				<b>(5.4)</b>

Reorganisation provisions of £0.2m relate to the ongoing restructure of the DMD business. During the period £0.1m of provisions were transferred to insurance and legal claims to better reflect the nature of these provisions.

Insurance and legal provisions represent the expected future costs of employer's liability, public liability, motor accident claims and legal claims. Included within the total balance is £0.3m (FY2024: £0.5m) relating to claims from the Tuffnells business prior to disposal.

The property provision represents the estimated future dilapidation costs across the Group's leased properties. These provisions have been discounted to present value, and this discount will be unwound over the life of the leases. The provisions cover the ten-year period to 2035. The Group has performed sensitivity analysis on the property provision using the possible scenarios below:

- if the discount rate changes by +/- 0.5%, the property provision would change by +/- £0.2m;
- if the repair cost per square foot changes by +/- £1.00, the property provision would change by +/- £0.5m.

## **10 Contingent liabilities and capital commitments**

### Bank and other guarantees

As at 1 March 2025, the Group had approved letters of credit of £1.5m (FY2024: £1.5m) to the insurers of the Group for the motor insurance and employer liability insurance policies. The letters of credit cover the employer deductible element of the insurance policy for insurance claims.

### Administration of Tuffnells Parcels Express Limited (Tuffnells)

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As reported in Note 3, following the administration of Tuffnells in the prior period, additional provision is being held in light of the probable outcome of certain insurance claims reverting to the Group which were previously being handled by Tuffnells.

In addition, following a detailed information request received from the Pension Regulator (tPR) in October 2024 in respect of an ongoing formal investigation relating to the Tuffnells defined benefit pension scheme, the Company has incurred £0.6m of legal advisory costs in considering and responding to tPR's extensive enquiries which cover both the Company's period of ownership of Tuffnells as well as the sales process, which concluded with the sale of Tuffnells in May 2020. Details of the disposal were given in the FY2020 Annual Report, with the final consideration payment being received in August 2022. The Company continues to make itself available to provide further assistance to tPR as required.

The Board has considered the nature and current circumstances of tPR's investigation, including the detailed information that has been provided by the Company to tPR to date, and concluded that no provision is required at this stage given there is no certainty at this time as to how tPR may act on the information requested or whether a future obligation will arise or on what terms and, in the Board's view, the Company acted reasonably throughout its time as parent of Tuffnells and was an overall net contributor of funding to Tuffnells during its period of ownership.

### Indemnity coverage

On winding up of the News Section of the WH Smith Pension Trust defined benefit pension scheme during FY2022, the Company has agreed run-off indemnity coverage for any member claims that were uninsured liabilities capped at £6.5m over the following 60 years. The Group is not aware of any claims brought during either the current or prior reporting period.

### Reversionary leases

Other potential liabilities that could crystallise are in respect of previous assignments of leases where the liability could revert to the Group if the lessee defaulted. Pursuant to the terms of the Demerger Agreement from WH Smith PLC in 2006, any such contingent liability in respect of assignment prior to demerger, which becomes an actual liability, will be apportioned between Smiths News plc and WH

Smith PLC in the ratio 35:65 (provided that the actual liability of Smiths News plc in any 12-month period does not exceed £5m). The Company's share of the rental commitment at 1 March 2025 was £1.0m (FY2024: £0.4m), which increased during the period following a review of market rentals.

#### Capital commitments

Contracts placed for future capital expenditure approved by the directors but not provided for amount to £0.8m (FY2024: £2.2m).

## 11 Share capital

### a) Share capital

£m	1 Mar 2025	24 Feb 2024
Issued, authorised and fully paid ordinary shares of 5p each		
Opening and closing balance	12.4	12.4

### b) Movement in share capital

Number (m)	Ordinary shares of 5p each
At 1 September 2024	247.7
<b>At 1 March 2025</b>	<b>247.7</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Group. The Group has one class of Ordinary shares, which carry no right to fixed income.

### c) Share premium

£m	1 Mar 2025	24 Feb 2024
Opening and closing balance	60.5	60.5

## 12 Related Party Transactions

No related party transactions had a material impact on the financial performance in the period or financial position of the Group at 1 March 2025. There have been no material changes to or material transactions with related parties as disclosed in Note 27 of the Annual Report and Accounts for the 53-week period ended 31 August 2024.

## 13 Subsequent events

The directors have considered the period between the balance sheet date and the date when the accounts are authorised for issue for evidence of conditions that existed at the balance sheet date, either adjusting or non-adjusting post balance sheet events, other than those events disclosed in Note 2.

## Glossary - Alternative performance measures

### Introduction

In the reporting of financial information, the directors have adopted various Alternative Performance Measures (APMs).

These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' APMs, including those in the Company's industry.



APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

## Purpose

The directors believe that these APMs assist in providing additional useful measures of the Group's performance. They provide readers with additional information on the performance of the business across periods which is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team.

Consequently, APMs are used by the directors and management for performance analysis, planning, reporting and incentive-setting purposes.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Note/page reference for reconciliation	Definition and purpose
<b>Income Statement</b>				
Adjusting Items	No direct equivalent	N/A	Note 3	Adjusting items of income or expenses are excluded in arriving at adjusted operating profit to present a further measure of the Group's performance. Each Adjusting items is considered to be significant in nature and/or quantum, non-recurring in nature and/or unrelated to the Group's ordinary activities or consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team.
Adjusted operating profit	Operating profit*	Adjusted items	Income statement/ Note 3	Adjusted operating profit is defined as operating profit excluding the impact of adjusting items (defined above). This is the headline measure of the Group's performance and is a key management incentive metric.
Adjusted profit before tax	Profit before tax (PBT)	Adjusted items	Income statement/ Note 3	Adjusted profit before tax is defined as profit before tax excluding the impact of adjusting items (defined above).
Adjusted profit after tax	Profit after tax (PAT)	Adjusted items	Income statement/ Note 3	Adjusted profit after tax is defined as profit after tax, excluding the impact of adjusting items (defined above).
Adjusted EBITDA	Operating profit*	Depreciation and amortisation Adjusting items	Glossary	This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation and adjusting items.
Bank EBITDA	Operating profit*	Depreciation and amortisation Adjusting items Operating lease charges	Glossary	This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation, adjusting items and adds back operating lease charges under accounting standards applicable in 2019 and share-based payments expense. This measure is used to calculate compliance with banking covenants.
Adjusted earnings per share	Earnings per share	Adjusting items	Note 6	Adjusted earnings per share is defined as Adjusted PBT, less taxation attributable to Adjusted PBT and including any adjustment for minority interest to result in adjusted PAT attributable to shareholders; divided by the basic weighted average number of shares in issue.
<b>Cash flow Statement</b>				
Free cash flow	Net movement in cash and cash equivalents	Dividends, acquisitions and disposals, repayment of bank loans, EBT share purchases	Glossary	Free cash flow is defined as the movement in cash and cash equivalent plus the following: payment of dividends, the impact of acquisitions and disposals, the repayment of bank loan principal amounts, and outflows for purchases of own shares (EBT share purchases). This measure reflects the cash available to the Group, which can be used for investments, dividends and the reduction of debt.
Free cash flow (excluding adjusting items)	Net movement in cash and cash equivalents	Dividends, acquisitions and disposals, repayment of bank loans, EBT share purchases, pension deficit repair payments adjusting items	Financial review	Free cash flow (excluding adjusting items) is free cash flow adding back adjusting cash costs.

<b>Balance Sheet</b>				
Bank Net Debt	Borrowings less cash		Cash flow statement	Bank net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings (excluding unamortised arrangement fees), overdrafts and obligations under finance leases under accounting standards applicable in 2019.
Net debt	Borrowings less cash		Cash flow statement	Net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings, overdrafts and obligations under leases.

\*Operating profit is presented on the Company's income statement. It is not defined per IFRS, however, it is a generally accepted profit measure.

#### Reconciliation of free cash flow to net movement in cash and cash equivalents

	<b>26 weeks to 1 Mar 2025</b>	26 weeks to 24 Feb 2024
Net decrease in cash and cash equivalents	<b>(0.7)</b>	(20.8)
(Increase)/decrease in borrowings and overdrafts	<b>(0.7)</b>	15.0
<b>Movement in borrowings and cash</b>	<b>(1.4)</b>	(5.8)
Dividend paid	<b>13.2</b>	6.7
Outflow for purchase of own shares	<b>1.5</b>	3.3
<b>Total free cash flow</b>	<b>13.3</b>	4.2

#### Reconciliation of bank net debt to reporting net debt

	<b>At 1 Mar 2025</b>	At 31 Aug 2024
Bank net debt	<b>(12.4)</b>	(11.0)
Unamortised arrangement fees (note 8)	<b>0.3</b>	0.4
Lease liabilities	<b>(30.7)</b>	(30.9)
<b>Net debt (note 8)</b>	<b>(42.8)</b>	(41.5)

#### Reconciliation of free cash flow to Bank EBITDA

	<b>26 weeks to 1 Mar 2025</b>	26 weeks to 24 Feb 2024
Operating profit	<b>20.0</b>	18.6
Adjusting items	<b>(0.6)</b>	0.2
<b>Adjusted operating profit</b>	<b>19.4</b>	18.8
Depreciation	<b>1.2</b>	1.0
Amortisation	<b>0.2</b>	0.2
Right of use asset depreciation	<b>3.2</b>	2.8
<b>Adjusted EBITDA</b>	<b>24.0</b>	22.8
Operating lease charges	<b>(4.2)</b>	(3.8)
Share-based payments expense	<b>0.5</b>	0.2
<b>Bank EBITDA</b>	<b>20.3</b>	19.2

## INDEPENDENT REVIEW REPORT TO SMITHS NEWS PLC

### Conclusion

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 26 week period ended 1 March 2025 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 1 March 2025 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and the related notes to the Consolidated Unaudited Interim Financial Statements.

**Basis for conclusion**

We conducted our review in accordance with Revised International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410 (Revised)"). 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.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

**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 (Revised), however future events or conditions may cause the Group to cease to continue as a going concern.

**Responsibilities of 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 company'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 report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions 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**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP  
Chartered Accountants  
London, UK  
06/05/25

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