



the Reach of tomorrow

Reach

Annual Report 2021

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Highlights

Revenue

£615.8m

2020: £600.2m

Digital revenue

£148.3m

2020: £118.3m

Adjusted earnings per share – basic*

37.6p

2020: 34.4p

Statutory earnings/(loss) per share – basic

0.9p

2020: (8.6)p

Adjusted operating profit*

£146.1m

2020: £133.8m

Statutory operating profit

£79.3m

2020: £7.6m

Dividend per share

7.21p

2020: 4.26p

Cash balances

£65.7m

2020: £42.0m

* Our financial statements disclose financial measures which are required under IFRS. We also report additional financial measures that we believe enhance the relevance and usefulness of the financial statements. These are important for understanding underlying business performance. Statutory figures are shown for comparative purposes where they differ from adjusted figures. See notes 3 and 35 to the consolidated financial statements.



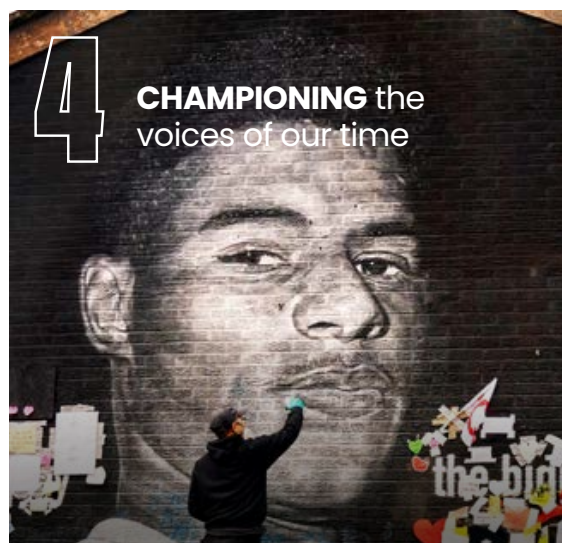
For further information or to read the Annual Report online, go to: www.reachplc.com

Disclaimer

This Annual Report is sent to shareholders who have elected to receive a hard copy and is available on our website www.reachplc.com for those shareholders who have elected to receive a copy electronically. In this document, references to 'the Group', 'the Company', 'we' or 'our' are to Reach plc and its subsidiaries. A reference to a year expressed as 2021 is to the 52 weeks ended 26 December 2021 and a reference to a year expressed as 2020 is to the 52 weeks ended 27 December 2020. References to 'the year' and 'the current year' are to 2021 and references to 'last year' and 'the prior year' are to 2020. The Annual Report contains forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and future assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. No assurance can be given that the forward-looking statements will be realised. Statements about the directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Company's control. The Annual Report has been prepared on the basis of the knowledge and information available to directors at the date of its preparation and the Company does not undertake any obligation to update or revise the information during the financial year ahead. It is believed that the expectations set out in these forward-looking statements are reasonable, but they may be affected by a wide range of variables which could cause actual results or trends to differ materially. The forward-looking statements should be read in the context of the principal risk factors set out in the Strategic Report.

Introduction

We are creating the Reach of tomorrow. By investing in our brands, in the technology that brings us closer to our audience, and in the people who make it all happen, we remain champions, campaigners and changemakers for our communities.



Reach AT A GLANCE

48 million people a month in the UK choose Reach for news, entertainment and sport.

Our leading scale audience ensures our newsbrands have enduring influence.

- We have invested in the breadth and depth of our coverage across UK and Ireland with over **400 journalists** recruited in 2021, **200** of them local
- Our MyLondon news brand has a leading and growing audience with an **80-strong** newsroom covering every borough in the capital
- **48 million** people a month in the UK choose a Reach brand for news, entertainment and sport
- **38 million** people a month choose a Reach brand for their local news
- Our scale and reach mean we are the **fifth-largest** digital property in terms of monthly audience in the UK
- Our **unique business model** allows us to protect the long-term sustainable future of our newsbrands
- We are well placed to deliver on our **digital growth ambitions**, with our leading audience and trusted brands
- **Customer registrations** help us gain insight into reader habits across our network and to build first-party data sets that feed our data-led advertising campaigns
- Greater data capabilities have helped us drive a **29% growth** in page views on a two year basis compared to 2019 and digital revenue growth of **39%** over the last two years

48m
total audience

110+
regional titles

10m
registered customers
at February 2022

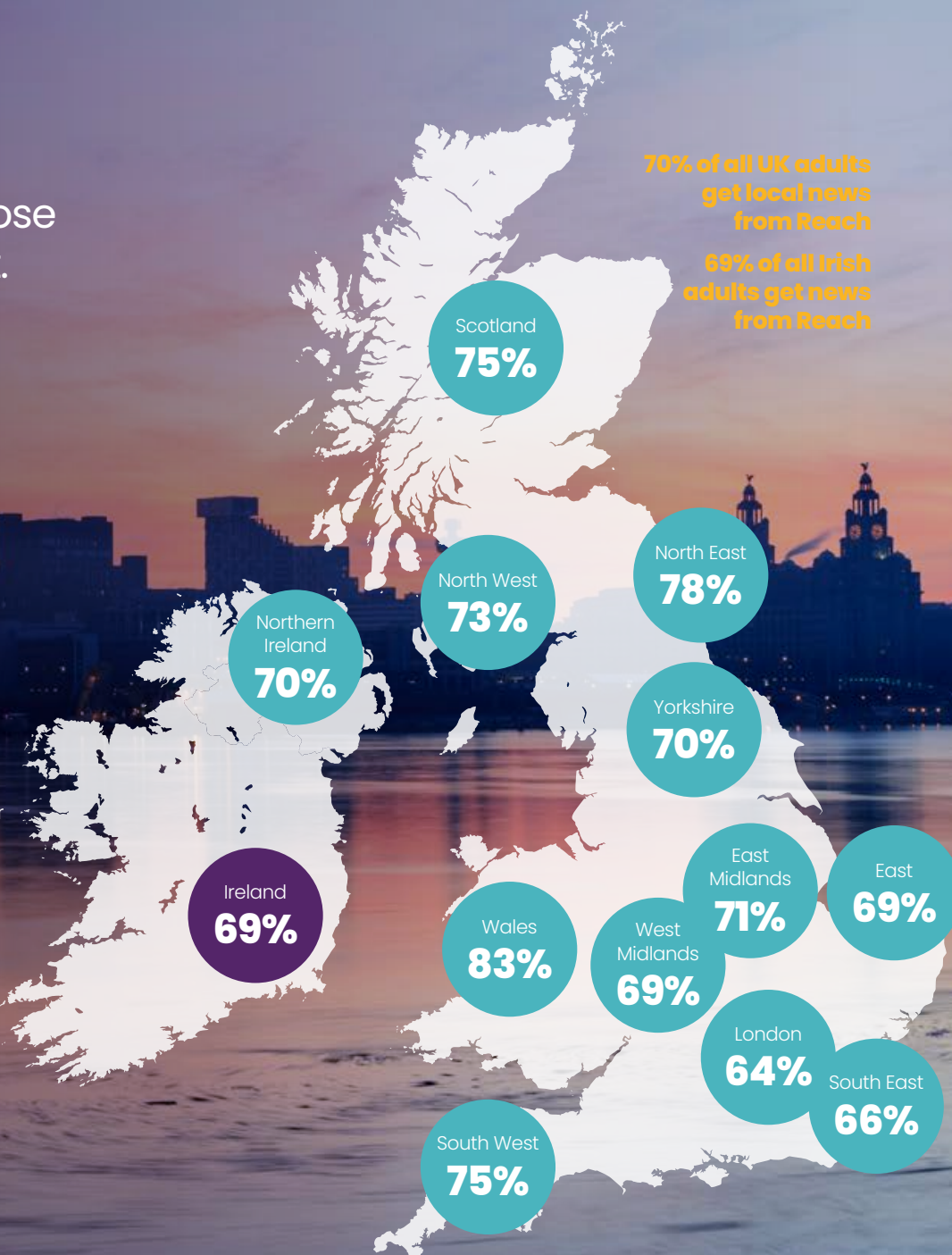
9
national titles

LOCAL
news now available
in all counties in
England and Wales

#1
publisher for UK
and Ireland digital
audience reach

70% of all UK adults
get local news
from Reach

69% of all Irish
adults get news
from Reach



Our BRANDS

With nine leading national newspapers, more than 110 regional titles and over 80 online brands, Reach titles are trusted by communities throughout the UK and Ireland to deliver the latest news, entertainment and sport when and how they demand it.

The strength of our brands means we have a scale audience that trusts us to campaign, represent the voices of communities and hold power to account.

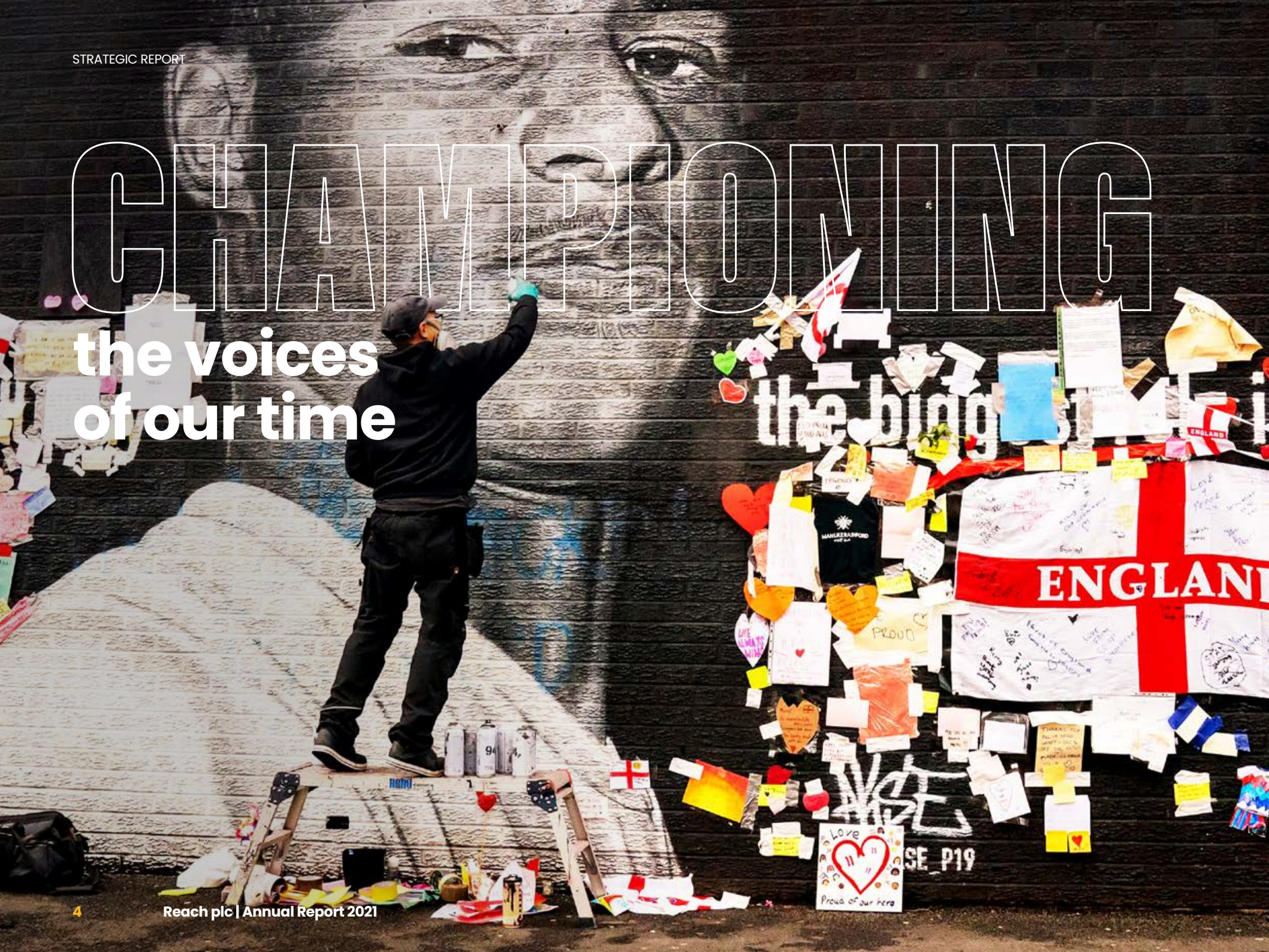
Together our brands are stronger than the sum of their parts. This ensures that as we transition from a business that is heavily reliant on print revenues to one that is increasingly digital, our investments can be maximised across the business. This is as relevant to content, data, technology and product as it is to people.

See below for just a selection of our leading national and regional brands.



CHAMPIONING

the voices
of our time



Our PURPOSE

At Reach, we have a clear core purpose: speaking up and shining a light on the truth. While our titles differ in their political views, they each serve their communities with integrity and passion.

This essential relationship exists because we keep our audience entertained, informed and engaged every day, with breaking news, entertainment and sport. We understand and respect our readers – what keeps them up at night, what makes them laugh, what gets them talking – and this is why our purpose cuts through.



For more on our titles' campaigning work, see pages 32 and 33



A purpose-powered business

In every area of the business we are inspired by the crucial role we play in society. This purpose shapes the decisions we make at Reach every day and gives us an extra sense of responsibility and care. As our business progresses on its journey to growth, we are ensuring the long-term health of our purpose, and this is what propels us forward.

Here are just a few examples of how our journalism made a difference in 2021:

Uncovering the truth

The end of 2021 saw the Mirror breaking another agenda-defining story with the first reports of what we now call Partygate. The consequences of these revelations are still unfolding today.

Calling for change

The Daily Record tackled the Scottish addiction epidemic by successfully campaigning for a change in law that will decriminalise personal drug use, reduce the cycle of ineffective jail time, and help people suffering from drug addiction to get the help they need. The campaign, led by Chief Reporter Mark McGivern, won Campaign of the Year at the Scottish Press Awards.

Holding power to account

The Manchester Evening News spearheaded a six-month investigation into England's second-largest police force, uncovering 'a tendency towards obfuscation, denial, secrecy' and serious failings, including the failure to report 80,000 crimes in one year, many of them domestic and sexual offences.

Making the climate crisis an issue for everyone

The Express and the Mirror both covered the climate crisis extensively this year, with dedicated specials and reporting on the ground from COP26, bringing the issue firmly into the mainstream.

The Express's 'Green Revolution' issue and campaigning work with eco-warrior Dale Vince made waves and won Environment Editor John Ingham a British Journalism Award, while the Mirror introduced the industry's first 'Weather & Climate' page along with new weather reporting guidelines. Our Irish titles, meanwhile, hired their first dedicated Environment Correspondent.

We are proud to be champions, campaigners and changemakers.

DELIVERING

**the stories
that matter**

BOYS
WILL BE
~~BOYS~~
held
accountable

Our unique combination of national scale and leadership in online local coverage gives us a powerful relationship with mainstream audiences.



48m
adults a
month

read news from
a Reach title

80%
of online
adults

in the UK see our
content every month

400+
journalists
hired in 2021

26
new
local newsbrands
in 2021

A year of growth

We have invested in strengthening our network of local journalism, extending our geographic reach, better resourcing our online newsrooms and devoting more journalists to cover each area. Our journalists live in the communities they serve, and believe in delivering world-class journalism at a local level.

By the end of 2021, Reach employed more journalists than it has in any time in the last 10 years, with some titles, such as the Manchester Evening News, now boasting a bigger newsroom than any time in the past 20 years.

With the addition of 26 new local newsbrands in 2021, Reach also fulfilled its commitment to bring county-by-county coverage across the whole of England and Wales, as well as bolstering its offer in Ireland and Northern Ireland.

MyLondon's rise to #1

Throughout 2021, London news site MyLondon grew significantly, more than quadrupling its editorial staff and boosting its news and what's on content, as well as adding new roles such as a Diversity and Race Correspondent. A well-resourced, borough-by-borough news team has allowed for close and genuine relationships with communities, allowing journalists to sensitively report around important news events, such as the deaths of Sabina Nessa and Richard Okorogheye. The news team has also increased its coverage of City Hall meetings, which in recent years have seen less media scrutiny.

Bringing together more on-the-ground reporting with digital savvy has already borne fruit. In November, MyLondon become the most visited London news site, beating out well-established competitors just three years after its launch.



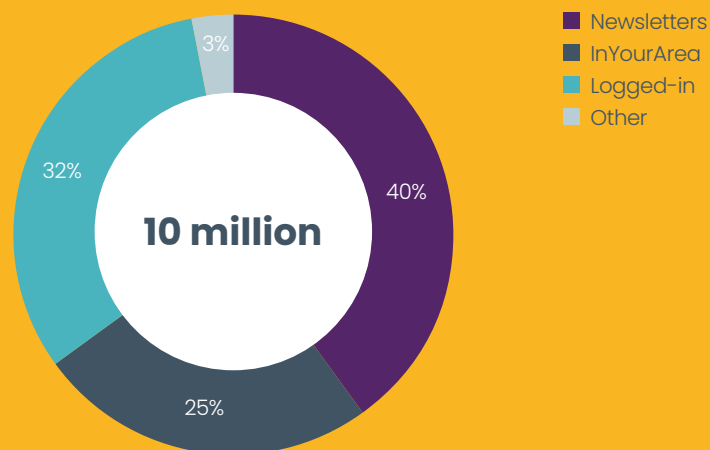
Newsbrands launched in 2021

- | | |
|-----------------------|-----------------------|
| 1. MyDover | 14. TauntonLive |
| 2. NorthDevonLive | 15. CheltenhamLive |
| 3. WestonLive | 16. MySuttonColdfield |
| 4. SkegnessLive | 17. MySolihull |
| 5. WiltshireLive | 18. WarringtonLive |
| 6. NorfolkLive | 19. StHelensLive |
| 7. DarlingtonLive | 20. SeftonLive |
| 8. DorsetLive | 21. MyTrafford |
| 9. MyShropshire | 22. MyRochdale |
| 10. SuffolkLive | 23. MyStockport |
| 11. RutlandLive | 24. GalwayBeo |
| 12. HerefordshireLive | 25. MyDerry |
| 13. OxfordshireLive | 26. MyTyrone |

DEVELOPING

**a data-led
proposition**

Customer acquisition from key sources



Data is the key to unlocking customer value, and we have now established a scale of data that will enable us to model and predict customer behaviour. Gaining this clarity allows for more relevant content for our readers and more effective campaigns for advertisers.

10m
registrations
achieved at February
2022 ahead of
end-of-2022 target

200
clients
using our PLUS+
portfolio of ad
tech products

8x
yield
on PLUS+ campaigns
compared to open
market rate

“

This year we also expanded our in-house product team which is devoted solely to ad tech innovation, a standout in the industry.

We continued to build up our registered customer base in 2021 and achieved our target of 10m during the early part of 2022, well ahead of schedule. Reaching this critical mass will allow us to take our next steps in expanding our data capabilities and creating a richer picture of our audience for advertisers.

Key tech successes which helped us move towards our target included the integration of the BlueVenn Customer Relationship Management (CRM) platform and a focus on providing users with a more seamless log-in experience to reduce the friction to registration.

While we'd already been working throughout 2020 on our first-party data capabilities, in early 2022 this work culminated in the launch of Neptune, our ad tech ecosystem. Neptune brings together our first-party data platform, targeting tools such as the PLUS+ products and a range of AI-powered tools. This year we also expanded our in-house product team which is devoted solely to ad tech innovation, a standout in the industry.

Neptune is now a key element of our offering to advertisers, with 200 clients already using our PLUS+ products.

We have also made progress developing our own machine learning tools, which we now use to automate more relevant advertising, more effective registration options and more personalised 'read next' recommendations, keeping our audience more engaged and spending longer on our sites.

In 2022, we will continue to refine these tools and develop our capabilities to enable us to deepen our understanding of our readers and provide more effective targeting opportunities to advertisers.



GROWING

**through audience
engagement**



Mirror

T S B



M

T

Audience engagement is the golden thread connecting our Customer Value Strategy with our purpose. By finding new ways of building meaningful relationships with our audience, we ensure that our content and advertising have real impact.

Building on 2020's early successes and learnings, in 2021 we invested further in audience engagement, appointing an Audience Transformation Director and implementing a new structure linking editorial and customer teams, bringing the customer mindset to the heart of our newsrooms.

Newsletters continue to be a rich area, not only supporting the customer registration drive but also giving us a chance to be part of our readers' daily lives, with thousands choosing to start their day by opening an email from us.

As of November 2021, we send over 300m emails to our subscribers a month, across 400+ topics, with royalty, football and entertainment newsletters showing especially high open rates.

By using our customer data, we've also been able to pinpoint new areas for growth, including 'obsessions' such as baking and television fandoms, a category which now has a customer base of over 1m. Our premium newsletters, for example political newsletter The Northern Agenda, have also provided a blueprint for high-quality, loyalty-building daily content.

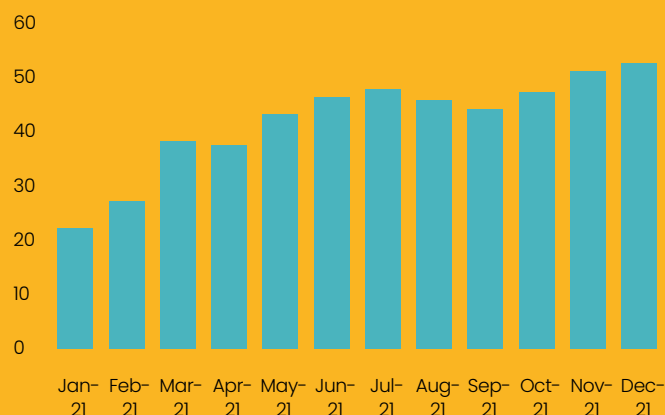
“

Newsletters continue to be a rich area, allowing us to be a regular part of our readers' lives. Thousands choose to start their day by opening an email from us.

During 2021 total page views from our newsletters more than doubled, from 22.2m in January to 52.8m in December.

Our early experiments with ecommerce also progressed in 2021, with the OK! Beauty Box showing particular promise. We will continue to mine our data, audience and network to launch new ecommerce offerings in 2022, with several projects underway.

Page views from newsletter customers (m)



◀ In 2021 we demonstrated rapid growth in page views from our newsletter customer base – growing from 22m a month in January to 53m in December. There is still significant opportunity to accelerate this growth in 2022, demonstrating how engaged our registered customer base is.

200%

growth

in page views from registered customers (Jan 2021 – Dec 2021)

42%

growth

in minutes per visitor over past two years



A photograph of three people sitting at a white table in a bright, modern office setting. On the left, a woman with long brown hair and glasses, wearing a leopard print top, is looking towards the center. In the middle, a man with short dark hair, wearing a dark red sweater, is laughing heartily. On the right, a woman with long blonde hair, wearing a dark patterned top, is smiling. There are three silver laptops on the table, each with an Apple logo. The background is a light gray wall with several colorful sticky notes (pink, blue, green) pinned to it. The word 'BUILDING' is written in large, white, outlined capital letters across the top. Below it, the phrase 'a culture where people thrive' is written in a smaller, white, sans-serif font.

BUILDING

a culture where
people thrive

Ensuring we attract, retain and develop our people is key to delivering our strategy. In 2021, we prioritised increased wellbeing support for our colleagues and an ambitious focus on Diversity and Inclusion.

We formalised our approach to hybrid working in early 2021, taking employee feedback into account to move to a primarily remote working model, giving our people more flexibility and opening up a wider talent pool. Newly designed 'hub' spaces provide space for collaboration and in-person training.



Wellbeing for the digital age

Wellbeing continued to be a priority in 2021. We extended our offering of free Sanctus mental health coaching for all colleagues and continued to provide fully subsidised access to the popular Headspace meditation app. We looked seriously at the issue of online abuse faced by journalists and appointed the industry's first ever Online Safety Editor who will provide support to our colleagues, as well as look at solutions for prevention.

We also took the bold step to formalise our approach to hybrid working, taking the lead from employee feedback to increase remote working and provide greater flexibility. We continue to operate over 20 hub and meeting spaces around the UK and Ireland, providing space for collaboration and in-person training.

Diversity and Inclusion

As a media business, we have a responsibility to reflect the world around us and serve our audience with a rich and varied offering. To this end, we have prioritised making Diversity and Inclusion truly central to the business.

In 2021, we welcomed two senior Diversity and Inclusion experts to the Reach team, making significant progress and earning us a coveted spot in the Inclusive Top 50 UK Employer list in December.

Key achievements during 2021 included the completion of the Be Counted survey across the business, a crucial exercise in using data to robustly inform our strategy. We also tied senior management bonuses to diversity metrics for the first time, and became the first news publisher to join the 30% Club – committing to targets around women and people of colour in senior leadership positions.

The creation of six colleague networks and a group of 100+ Inclusion Champions – all driven by volunteers – were also crucial to the success of our transition to a more inclusive culture.

Social mobility

ReachPotential, our network devoted to social mobility, spearheaded an outreach programme reaching 600 students. This included a two-day workshop which gave young people the chance to learn from and even pitch ideas to senior editors, including Group Editor-in-Chief Lloyd Embley and Mirror Editor-in-Chief Alison Phillips. We expect to expand on this rich area with more outreach initiatives next year.



Chairman's statement

Investing for the FUTURE



Nick Prettejohn
Chairman

Continued progress on strategy and a year of award-winning journalism

Overall revenue growth as digital offsets print decline

Ongoing strategic delivery and strong digital growth, combined with stabilising print revenue decline, led to the first year of like-for-like revenue growth for Reach for over a decade.

With our registration target of 10m achieved early, and our digital and data platform capabilities significantly advanced during 2021, we are in a strong position to continue our progress throughout this year.

Investment was a key theme, as we continued to recruit journalists to expand our Live network to cover every county in England and Wales, as well as new sites in Scotland and Northern Ireland.

2021 was a stellar year for the award-winning journalism that underpins the strength of our newsbrands, and the Board is proud of all the considerable campaigning achievements from our titles.

Our digital revenue growth of 25.4% has been driven by increased advertising yields which have benefitted from our focus on data-led advertising products which are now in regular use by a growing list of clients and agencies.

In 2022, we will increasingly focus on driving overall digital average revenue per user through growing audience engagement using data-led insights.

Positive financial outturn

To deliver annual revenue growth for the first time in over a decade is a performance all colleagues at Reach can take pride in. Digital growth remains strong at 39% over the past two years, and combined with a resilient print performance it helped us secure like-for-like revenue growth in 2021 of 1.3%.

Overall our operating margin was 23.7%, ahead of the 22.3% achieved in 2020 on an adjusted basis. Our year-end cash balance of £65.7m continues to demonstrate the robust financial position of the Company. This has been further strengthened by the recently increased credit facility of £120m which provides us with further flexibility to invest in our future.

In 2022, we remain vigilant towards inflationary pressures as we have begun to see an increase in the costs of print production, particularly for newsprint. We continue to prioritise efficiencies to mitigate any impacts, and it is key we continue to invest for the long term.

Following on from the transformation changes made in 2020, when significant cost savings were achieved, the 2021 results represent another step forward as we transition from a business that was focused on managing print decline to one in which we are investing to drive digital growth.

Growth in dividend

The Board recognises the importance of growing dividends for shareholders while also investing to grow the business and meeting our funding commitments to the defined benefit pension schemes. We are pleased to recommend a final dividend of 4.46 pence per share, representing growth of 4.7% over the 2020 final dividend.



In recognition of the increasing importance placed on Environmental, Social and Governance matters by the Board and stakeholders we established a Sustainability Committee to review the Company's approach.

(see page 88)



Our business model is enabling the required investment to ensure our business, and the journalism that is at its core, has a bright future.

Pensions

We have yet to reach agreement with regard to the 2019 triennial review of our pension commitments. We remain committed to continuing to deliver for our pension scheme members, while balancing all stakeholder interests and, in particular, the need to invest in the future of the business. We continue to remain open to further discussion with the Trustees.

Regulatory developments

Reach engages with policy makers on regulatory developments impacting the industry, and we await the Government's forthcoming draft bill on digital competition which we hope will provide the Digital Markets Unit with powers to provide greater balance in the digital marketplace.

Our CEO Jim Mullen is now Chairman of the News Media Association which has played a key role in representing news publishers, as legislators seek to address the issues relating to the digital marketplace.

A responsible business – focus on sustainability

Our titles continue to play a leading role in raising environmental concerns, and it was particularly pleasing to see the Daily Express's John Ingham recognised at the British Journalism Awards for his coverage of energy and the environment.

Reach continues to make good progress towards reducing our greenhouse gas emissions, which were 73% lower in 2021 than in 2019. We were pleased to once again secure inclusion in the FTSE4Good Index. We have also joined the Ad Net Zero initiative, an industry-wide commitment to reducing the carbon impact of developing, producing and running advertising to reach net zero by the end of 2030.

Diversity and Inclusion (D&I) has been a key focus across the Company this year. We established six inclusion networks, each representing a different aspect of D&I. These have provided a forum for discussion, education and celebration of the diverse people and cultures that comprise Reach. They also provide a forum to raise issues as we seek to become more representative of the communities our titles serve. As a result of our D&I efforts, we were pleased to be included in the Inclusive Top 50 UK Employers list for the first time.

We have also committed to 30% representation of women on both our Board and our Executive Committee, and to include at least one person of colour by 2023.

Establishing the Sustainability Committee and Board changes

In recognition of the increasing importance placed on Environmental, Social and Governance (ESG) matters by the Board and stakeholders, we established a Sustainability Committee to review the Company's approach to sustainability and its wider ESG strategy. Our objective is to evolve our approach during 2022 following a review of the wider ESG landscape. We were also pleased to welcome Barry Panayi to the Board in October 2021 – his knowledge of data and insight will help us as we continue our progress in this area. More information on the Board's priorities can be found on pages 66 and 67.

Creating the Reach of tomorrow

On behalf of the Board I would like to thank all Reach colleagues for their performance during 2021. Another year of digital progress and a resilient print performance puts Reach in a strong position. Our scale and efficiency mean that together our 110+ brands are stronger than the sum of their parts. While in many ways we are at the early stages of our strategy, with further progress to come, it is clear that our business model is enabling the required investment. This will ensure our business, and the journalism that is at its core, has a bright future. We continue to make good progress towards our goal of doubling digital revenue by the end of 2024 (from the 2020 base).

Nick Prettejohn
Chairman

1 March 2022

Section 172 statement

In discharging our duties pursuant to the UK Companies Act 2006 (the Act), we are required to promote the success of the Company for the benefit of its members as a whole, having regard for the interests of all our stakeholders in our decision-making as well as other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our employees, pension schemes, customers, suppliers and partners, as well as considering the impact of the Company's operations on the community and environment. We acknowledge that every decision we make will not necessarily result in a positive outcome for all our stakeholders. By considering the Company's purpose, vision and values, together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

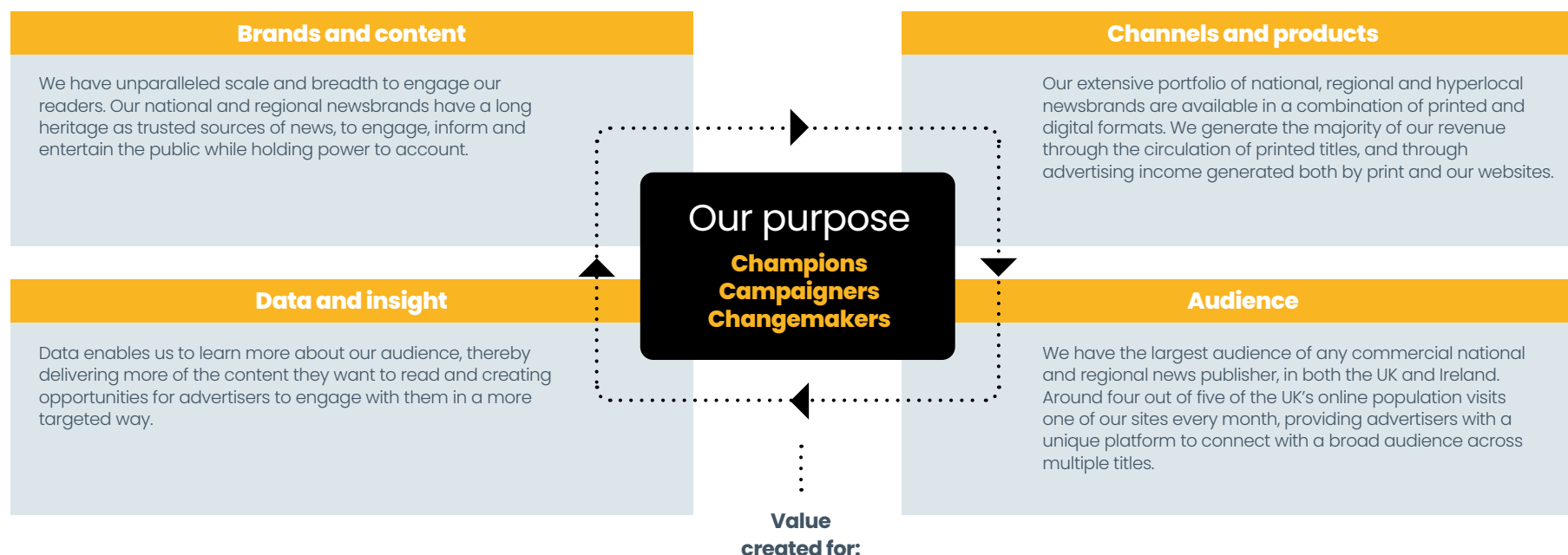
The pages as referenced below comprise our section 172 statement, setting out how the Board has, in performing its duties over the course of the year, had regard to the matters set out in section 172 of the Act, alongside examples of how each of our key stakeholders have been considered and engaged.

Read more:

- **Stakeholder engagement**
pages 18 and 19
- **Engaging with our stakeholders**
page 79
- **Section 172 principal decisions**
page 80

Business model

Delivering the best content to our audiences; creating value for our stakeholders



See more on our stakeholders on pages 18 and 19

Our purpose

The breadth of our newsbrand portfolio enables us to serve communities throughout the UK and Ireland, providing award-winning content and supporting our role as champions, campaigners and changemakers. This core purpose is a source of pride and is celebrated across the organisation.

Brands and content

Our portfolio is unique, with influential and iconic national titles, such as the Daily Mirror, Daily Express, Daily Record and Daily Star, but also includes key major metropolitan titles like the Manchester Evening News, Liverpool Echo, Newcastle Chronicle and Birmingham Mail. In Ireland, we publish the Irish Daily Star, Northern Irish and Irish editions of the Daily and Sunday Mirror newspapers, the Sunday People newspaper and RSVP magazine.

Content is how we engage with our customers. Our brands each have a strong editorial identity, enabling the Company to appeal to a broad political and demographic spectrum. A key part of our Customer Value Strategy has been increased investment in journalism and data insight, both of which are crucial to us building a closer relationship with our readers through more relevant and tailored content.

Each piece of content across Reach is assessed for potential extra value elsewhere in the editorial portfolio prior to and after publication. A unified editorial approach, the 'Reach Wire', runs across both national

and regional titles as well as print and digital formats, to promote content sharing. Titles retain their own editorial voice and adapt stories to suit their readership.

Data and insight

With around 20% of our digital audience now registered with us, we have built a critical mass of customer information which provides the foundation for more data-rich advertising campaigns. Our suite of PLUS+ products represents a step-change in enabling brands and advertising agencies to direct their digital marketing towards a highly targeted audience.

Broader and deeper customer understanding through data underpins our objective to build and maintain a loyal and engaged audience. We're therefore investing in the technology and capabilities needed to develop this. We are increasingly focused on enhancing our pool of first-party data, by building on the Reach ID, our unique customer identification tool. As the natural shift towards digital news consumption continues, and the ways in which advertisers are able to access customer data evolve, this will provide the business with a clear path to revenue growth and guarantee the long-term future of our newsbrands.

Channels and products

Although the market demand for printed newspapers has been declining for some years, we still sell close to 800,000 national newspapers per day, delivering to over 47,000 newsagents, and over 13m people read one of our newspapers or magazines every month.

In spite of the growth of digital news, circulation revenues remain resilient, and we generate in excess of £300m annually from circulation and around £100m from printed advertising.

The objective of our Customer Value Strategy is to support stronger digital revenue growth. Digital revenue now represents almost a quarter of total revenue, up from only 15% two years ago. Investment in digital content has seen us extend our geographical reach, with a network of over 80 online brands now covering every county of England and Wales, as well as a significant proportion of Scotland and Northern Ireland.

All core digital content is subscription-free, with display advertising our predominant source of revenue. Our digital audience, the fifth largest in the UK, provides a strong platform for growth; our objective is to double digital revenue, by the end of 2024 (from the 2020 base). This will be achieved by increasing consumer engagement and loyalty, and by offering advertisers more sophisticated and relevant ways to reach our readers.

Audience

More relevant customer data is helping us create a more personalised digital offering for our audience, using tools to deliver articles and advertising based on their preferences. In doing this, we're establishing a closer relationship with readers and building engagement, which in turn further enhances the ability to serve them relevant content.

Delivering value for our stakeholders

Our people

By growing the business, we are able to invest more in talent development and fostering an inclusive culture where everyone feels valued.

Customers

Delivery of our digital strategy will enable us to provide increasingly engaging and personalised content for our readers.

Communities

We are committed to contributing positively to the communities we serve, with our purpose focused on using our editorial voice to highlight, investigate and support the issues that matter most to them.

Advertisers

Our commercial team works closely with advertisers and media agencies. More sophisticated, data-led products enable us to help them deliver campaigns more efficiently, to a more relevant audience.

Suppliers and partners

Our scale supports multiple sectors, including distributors, retailers and newsprint production. We work closely across our supply chain to build strong relationships and ensure fair economics.

Shareholders

We aim to provide balanced and clear investor communications, enabling them to understand our prospects for future growth.

Pension funds and members

A successful, growing business provides our pension members with confidence that Reach is being managed responsibly to ensure a prosperous and sustainable future.

Government and regulators

A vibrant news sector is key to a functioning democracy. Our investment to transition to digital is key to the sector's future as is the right regulatory environment.

Stakeholder engagement

Key issues	How we engage	Outcome of engagement
 Our people - Shift to primarily remote working - Impact of the pandemic on our people - Online abuse directed at our colleagues	- Regular events to connect our people, including Tea and Talk sessions, virtual Connect and Learn events focusing on key strategic topics, and leadership-led town halls - Virtual CEO breakfast sessions with cross-departmental groups of employees every two weeks - Monthly pulse engagement surveys across the workforce - Regular meetings with union representatives - Active network of inclusion networks and champions, and mental health first aid trained wellbeing champions - Survey conducted to understand the impact of online abuse on our people - Programmes to raise awareness of, and engagement with, our wellbeing and Diversity and Inclusion offerings	- Our monthly pulse surveys show that people feel supported to work from home – over the past two years, our average environment score has increased from 7.1 to 8.0 - Our average engagement score has increased year-on-year, from 7.1 to 7.4 - More than 150 employees attended a CEO breakfast in 2021, and the average attendee rating was 9.3/10 - Online Safety Editor appointed – a first in the industry - Employee perception that Reach supports and prioritises wellbeing has improved from 7.1 to 7.3 in the last year
 Customers - Data governance and security - Increasing focus on editorial that reaches and represents more diverse communities	- Investment in data governance and security capabilities, creating a new data governance and cyber security team and expanding existing data protection office - Regular input from reader panel YourVoice, consisting of over 2,000 customers across the Reach portfolio - Over 90 studies conducted with customers across the Reach portfolio, using qualitative and quantitative techniques, with over 85,000 respondents participating - Additional editorial focus on reaching more diverse communities, including some specialist editorial roles, and newsletters devoted to traditionally underrepresented communities	- Safer online environment for customers, and improved cyber security procedures - More editorial representation of diverse communities, informed by a new tagging system which gives us clear evidence of how communities are represented - Untold Stories newsletter an early success, focusing on minority community stories across the South East and soon to launch as a nationwide newsletter. IAMBOb newsletter, focusing on Black-owned businesses, has also proven popular - Belonging Project launching in 2022 to expand ethnically diverse content for all newsrooms
 Communities - Food and energy poverty - Internet connectivity - COVID-19 treatment and economic relief - Litter and environmental issues	- Local campaigning via our editorial channels - Community investment initiatives, such as 'Cash for Connectivity' - Recycling initiatives, such as InYourArea's 'Don't Trash Our Future' campaign - Awards, both national (Pride of Britain, Pride of Scotland, Pride of Sport, Animal Heroes) and regional (Pride of Birmingham, Pride of Manchester, Heart of Essex)	- Awards, recognition and awareness of key issues for people and communities - Raising funds for local charities - Successfully bringing regional issues to national attention, for example the Northern titles' collaborative campaign around Government rail investment promises
 Advertisers - Brand safety to ensure advertising sits against appropriate content - Desire across the advertising industry to be more sustainable - Data privacy concerns and regulations	- Continued investment in AI-powered Mantis ad tech, to ensure reliable brand safety - Member of the Ad Net Zero pledge to bring carbon costs of producing and running advertising to real zero by 2030 - In regular contact with industry body IAB and follow all data privacy guidelines	- Mantis has a 95%+ brand safety accuracy rate, significantly higher than the leading competitor, and was awarded the TAG Brand Safety Certified Seal - Launch of Neptune and other ad tech improvements has put Reach in a strong position to take advantage of our rich first-party data in a world without cookies

Key issues	How we engage	Outcome of engagement
 Suppliers and partners		
• Economic factors increasing costs • Raw materials supply shortages • Physical supply chain disruption • Supplier business failure	• Contract negotiations involving experienced Reach leaders • Ongoing management and monitoring of supply chain • Regular (often weekly) discussions with suppliers to build relationships and understand issues from their perspective • Industry intelligence gathering and financial health checking of key suppliers • Ensure appropriate contractual protections in place for both parties • Where possible ensure selection of suppliers available	• Well-established long-term relationships with trusted partners • Our management of supply chain risk has improved • Contingency planning improvement – new contingency planning group set up • Despite the obvious challenges, distribution hasn't been impacted • Valuable print and distribution contracts with major publisher partners • Robust allocation strategies designed to optimise supplies and sales
 Shareholders		
• Understanding the impact of COVID-19 and how the business has adapted • Performance against Customer Value Strategy and trajectory for print revenues • Evolution of revenue mix and profit growth potential • Increasing interest in cultural element of business transformation and Environmental, Social and Governance (ESG)	• A growing programme of interactions with analysts and investors to facilitate open communication throughout the year, including institutional investor roadshows, presentations to the retail investor community and one-to-one meetings with sell-side analysts • Regularly providing insight into our Diversity and Inclusion programme and a more detailed overview of our approach to ESG (see pages 31 to 51)	• Ongoing dialogue between the Company (Investor Relations and management) and our investors, ensuring a good understanding of Company strategy and that investor concerns are considered as part of strategic decision-making • We are undertaking our first materiality assessment, speaking to all stakeholders as part of forming a more defined ESG strategy • We have kickstarted process of defining specific targets around achieving net zero
 Pension funds and members		
• Defined benefit pension schemes require deficit funding to meet long term pension commitments	• Open ongoing dialogue with Trustees and regular provision of financial information to the Chairs and covenant advisers • Constructive engagement with the Trustees on the triennial valuations balancing the needs of all stakeholders and commitment to annual funding payments in agreed schedule of contributions	• Our focus is on working with Trustees to deliver on our funding obligations in a manner which also enables us to balance all stakeholder interests • The triennial valuation for funding of the defined benefit pension schemes as at 31 December 2019 would usually be completed by 31 March 2021. Funding has been agreed with three schemes, discussions with the remaining three schemes are ongoing; in the meantime we continue to make payments per the pre-existing schedule of contributions
 Government and regulators		
• UK Government plans to regulate the global tech platforms, to increase online safety and to rebalance the digital marketplace	• Reach works closely with the News Media Association on engagement with DCMS, Government, MPs and key committees • Key issues are ensuring the publishing sector is exempt from online safety legislation and to ensure the Digital Markets Unit is granted appropriate powers to rebalance the digital marketplace	• The Government plans to grant an exemption to news media publishers in the Online Safety Bill • The Government has established the Digital Markets Unit as a shadow organisation with full powers requiring legislation in the planned Digital Competition Bill which is expected to be brought forward during 2022

Opportunities and challenges facing the news publishing industry

The last year has seen a continuation of the trend of news publishers emerging from the significant long-term challenges posed by the rise of digital media with increasingly sustainable business models. While some operators have adopted a subscription strategy, Reach is achieving strong digital growth through data and insights that increase the yield from advertisers. For example, a reader's recent media consumption of stories related to home buying can enable better-targeted advertising campaigns and the opportunity for brands to engage more effectively with customers. It also enables Reach to deliver more relevant stories to readers and to drive increased page views and customer loyalty. While the opportunities for long-term digital growth are clear, there will be challenges along the way, with a number of knock-on impacts from the COVID-19 pandemic likely to impact the industry in 2022.

	The challenge facing the industry	The opportunities for Reach	How is Reach responding?
Changing news media consumption	- Free online news cannibalises paid-for printed newspaper market - Digital audiences reliant on global tech platforms - Younger audience increasingly spending time on video-led technology platforms - Reduction in frequency of newspaper purchase, even by loyal readers - Mature readership profile, with next generation generally not entering the printed newspaper market - Supply chain costs are largely fixed, even when volumes decline - Post-COVID supply chain impacts on energy costs and paper costs	- Loyal readership has meant circulation numbers recovered to levels above those expected post-COVID - Low ticket cover price means there is scope to protect revenues through cover price increases - Price increases enable us to offer higher availability levels contributing to revenue protection - Our scale enables us to operate efficiently in print and distributing our own titles, and also charge other publishers to print and distribute their titles thus optimising production and logistics - Added value in print product helps stabilise demand, such as free offers and additional content including puzzles and supplements - Our portfolio of titles enables cross promotion through vouchering - Scale audience online presents opportunity to register customers and to develop data and technology capabilities - Insights provided by data drive engagement and loyalty levels - Data-led advertising products attract higher yields than standard Open Market Place advertising	- Investing in journalism, data and technology to drive engagement and loyalty - Developing data-led advertising products to increase yield of advertising inventory - Working with leading platforms to secure funding for investment and to maximise audience potential - Continuing to push for changes to competition regulation, to ensure greater transparency around our content across the full range of technology platforms - Establishing commercial partnerships with companies, with revenue share replacing traditional advertising models - Using data, we are increasingly agile around print availability across different outlet types - Working with partners to secure added value in print titles, including free offers and partner content - Using current data, we are agile around distribution enabling swift decision-making
Competitive market for skilled talent	Skilled journalists, as well as technology and data skills, are in short supply, and attracting and retaining talent is challenging	- Traditional news media is increasingly trusted and valued set against the rise of fake news - The audience for Reach's national and regional brands is the largest of any publisher in the UK, and represents the fifth-largest online property, only exceeded by the global tech platforms - Historically, the industry has under-invested in data and technology, so there is a real opportunity for talent to make a significant contribution to the sector's future	- Our Home and Hub working policy offers employees increased flexibility and means we can attract talent from a wider geographic footprint - We have focused extensively on Diversity and Inclusion, with the aim of creating an environment where all colleagues can thrive, and have broadened the range of recruitment partners we work with to attract a broader range of candidates - We have expanded the range of roles that are available that do not require prior experience with full training provided - We have developed a full employee wellbeing package, offering employee support for mental health, and encourage openness around wellbeing issues - We are expanding our apprenticeship programme

	The challenge facing the industry	The opportunities for Reach	How is Reach responding?
Data privacy and cyber security	• Cyber attacks are a constant threat across all digital businesses • Data privacy rules are constantly in flux with changes from technology platforms, with Apple and Google both changing their third-party data policies	• As digital marketing moves away from third-party cookies, relevant, latent first-party data will become more important • Contextual targeting is also developing in importance as marketing operators move away from third-party cookies • Progressive, trusted partners will be key to brands who want to be at the forefront of targeted campaigns	• Full cyber security programme developed with assistance of external experts • Reach has launched brand safety and contextual targeting tool Mantis • Reach PLUS+ advertising products offer brands the opportunity to access relevant, targeted data sets based on recent media consumption and geography • Reach appointed departmental data champions to ensure data privacy is a priority throughout the organisation
Regulatory response to technology platforms	• Digital audiences are delivered via leading technology platforms – and publishers have little leverage to negotiate attractive terms and to secure transparency over algorithm changes and the overall value driven by publisher content	• Global platforms are enabling a wider audience for Reach's content • Reach has a scale audience, enabling it to develop diverse revenue streams • Governments are seeking increased competition in the digital sector and want to rebalance the relationship between platforms and publishers	• Continuing to invest in award-winning journalism to build audience trust • Driving registrations to build a closer direct relationship with our customers • Launching new Live regional sites to reach an even bigger audience of local and national readers – further increasing the data-gathering opportunities • Developing new products, e.g. InYourArea, to capture new revenue opportunities, including hyper-local advertising streams • Securing some revenue payments from certain platforms and seeking to maximise the potential of these relationships on both an audience and advertising basis
Macro-economic uncertainty for 2022	• Wider inflationary pressures driven by energy costs and supply chain disruption caused by COVID-19 • Increase in energy costs and price of recycled paper driving cost increases in newspaper production • Potential increases in third-party distribution costs driven by higher fuel and driver shortages • Possibility of continued COVID-19 outbreaks and new variants causing increased sickness and use of agency staff	• Maximise the benefits of our scale and continue to secure third-party contracts • Continue to grow digital revenue to offset margin impact of cost increases in print • Work with suppliers and customers to manage volatility and impacts	• Prioritising efficiency to mitigate impacts as far as possible • Continuing to grow digital revenue to offset margin impact of cost increases in print • Utilise price increases where appropriate, while ensuring competitiveness

Chief Executive Officer's review

Creating the Reach of TOMORROW



Jim Mullen
CEO

An expanded team delivering on our core purpose

2021 has been a year of investment in journalism, with the successful recruitment of over 400 new roles. We invested behind our national social teams, expanded our national sports coverage and expanded a number of regional newsrooms.

The expansion demonstrates the progress we are making in creating the Reach of tomorrow. Reach is transitioning from a company that was primarily focused on managing print decline to one that is establishing a sustainable future with a digital business that is growing strongly.

It also reinforces our purpose as champions, campaigners and changemakers for communities throughout the UK and Ireland.

26 new sites were launched during the year, to deliver on our promise of local digital news coverage across every county in England and Wales, and extend our presence in Northern Ireland and Ireland.

The investment enabled us to deepen MyLondon's borough-by-borough coverage, more than quadrupling the team to over 80 roles, including the site's first Race and Diversity Editor.

An expansion of our sports team means we will be offering more and better sports coverage, including coverage of Formula 1, where the Daily Express recruited a new correspondent, reflecting its historic associations with the sport.

Our newsbrands have had another incredible year of campaigning, winning awards and delivering real change that has impacted people's lives for the better.

From the Express's award-winning environmental campaigning to the Daily Record's Campaign of the Year in Scotland on the decriminalisation of drugs, our journalism has been widely praised by campaigners and politicians.

And of course our newsbrands have set the agenda throughout the year from the Mirror's exposure of the Downing Street lockdown gatherings that have rocked the Government, to six of our Northern titles sharing the same 'Trainspotting' front page in response to the Government's U-turn on HS2.

When a number of Premier League clubs were plotting to set up a European Super League, nine of our regional titles combined to campaign for 'Our Clubs, Our Future', voicing the fans' anger and leading to a swift climbdown from the club executives.

Special mention must go to the Manchester Evening News for their coverage of the Manchester bomb inquiry and to Birmingham Live for their coverage of the tragic case of Arthur Labinjo-Hughes.

The Irish Daily Star was also recognised at the NewsBrands Ireland Journalism Awards, including the award for Crime Journalist of the Year.

These awards reflect the strength of our editorial culture and our core purpose, and we will continue to hold power to account, highlight hypocrisy and champion the voices of our communities.

This ongoing focus on journalism and content ensures the continued strength of our audience, acting as the foundation for the Customer Value Strategy.

Strong growth in customer registrations and engagement

The trust in our titles is a key reason we continue to achieve the biggest monthly audience of any commercial publisher, with just under 42m people visiting our sites every month.



Celebrating the UN International Day of Persons with Disabilities – #PurpleLightUp – was just one of the ways Reach's colleague networks celebrated diversity during 2021 (see page 38)



The growth of accessing news digitally has disrupted publishers' business models but continues to represent a huge opportunity with more people than ever reading our content across print and digital.

The growth of accessing news digitally has disrupted publishers' business models, but continues to represent a huge opportunity for Reach with more people than ever reading our content across print and digital.

Our scale audience represents the UK's fifth-largest digital asset and a huge opportunity, given that we have not historically achieved our full digital potential.

While page views declined set against numbers inflated by pandemic-related stories in the spring and summer of 2020, they have grown strongly on a two year basis, up 29% compared to 2019. Our investment in content began to drive increased volume during the latter part of H2, with page views in Q4 growing at 4%, with that uplift strengthening significantly in the early part of 2022.

Data is central to the Customer Value Strategy, with the first stage about focusing on growing our registered audience, enabling us to understand more about our customers. We set a target of 10m by the end of 2022, and by the end of 2021 we had already achieved over 9m – up from 5m at the end of 2020. We achieved our 10m target in early 2022, several months ahead of schedule.

In October, we launched 'one tap' registration, which has led to a step change in the customer registration experience, making it more seamless than before. It enables users to register and then log in with one click, significantly increasing the number of logged in sessions per month. With more of our registered customers logged in we can track their content consumption and develop the insights that are key to our data-led advertising products. While the initial development benefits Google users, we are already planning to launch other frictionless log-in services.

Newsletters also remain a key source of customer registrations, and enable us to build daily relationships with our readers. We have launched over 300 newsletters which cover daily briefings, common interests and 'obsessions.' The latter focuses on areas which generate spikes in interest around topics readers obsess about in short-term bursts such as the Olympics or the latest TV series which our reader data tells us will be popular. Total page views from newsletters more than doubled during 2021 and they drive over 50m page views a month.

In October we began assembling our customer relationship management (CRM) team under a new Audience Transformation Director. The focus of these roles is to develop editorial products to drive customer loyalty and engagement. Increasing the use of data and insights in our newsrooms will be key for the team as we look to increase our focus on customer acquisition, retention and activity.

PLUS+ products help drive digital growth

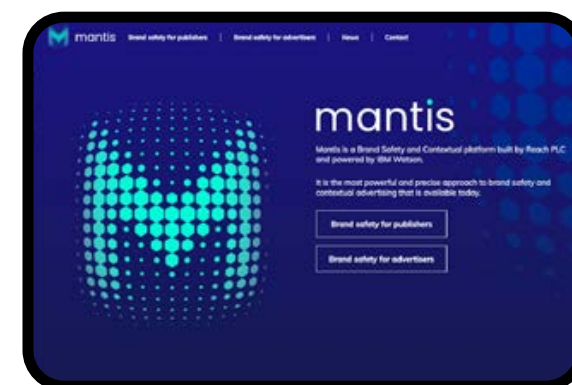
Our commercial team has put in a strong performance this year – fully justifying their Campaign Commercial Team of the Year and Consumer Business of the Year awards. The team delivered another year of strong digital revenue growth of 25% with two-year growth at 39%. This is another major step towards our key objective of doubling digital revenue by the end of 2024 from the 2020 base.

Key to the performance has been our suite of data-led PLUS+ products which has contributed significantly to digital revenue growth this year, despite having only launched in Q2 of 2021. These products enable us to categorise data sets by geography, by reader behaviour and preferences, and produce targeted data sets for client campaigns. PLUS+ driven campaigns are driving improved results for advertisers, while attracting significantly higher digital revenue yield.

These campaigns also utilise our AI tool Mantis to refine the data sets for emotion and context, in addition to content subject matter ensuring greater accuracy. These products have far exceeded our expectations with over 200 campaigns run during 2021.

There is more potential to come as we enrich our customer data, adding breadth and depth over time with additional content consumption, as well as modelling the behaviour of unknown or unregistered customers based on the behaviour of our registered customer base.

Brands are starting to recognise the importance of news publishers' digital offerings, and a number of agencies have launched their own curated marketplaces to enable ease of access for their clients to news publisher inventory. We anticipate extending use of our data sets to these marketplaces, increasing the scale opportunity to extend access to PLUS+.





Our titles continue to highlight the climate emergency, and it was pleasing to see the Express Environment Correspondent John Ingham receive the British Journalism Award for Energy and Environment.

While we continue to see a decline in print advertising revenue, the trends in early 2022 are more moderate than those seen in early 2021. Although structural challenges remain and some sectors, such as leisure and travel, have yet to fully recover post the pandemic, others, like food retail, have remained buoyant. Cover-wraps are an effective marketing or promotional tool and we continue to see strong interest from the likes of Sainsbury's and Coca-Cola.

The commercial team has also placed greater emphasis on partnerships with a promising tie-up with Imagine Cruises, a beer club and a partnership with Rank Group. Campaign wins from the likes of Barclays, BT and Tesco demonstrate the ongoing appeal of print campaigns and we continued to benefit from the industry-wide Government advertising spend.

Resilience in print and continued efficiencies

Our print titles continued to generate the bulk of our revenues during 2021 and saw a resilient performance despite the ongoing challenges of COVID-19, with a like-for-like revenue decline of 4.7% for the year.

We increased availability of our titles and have closely managed distribution based on latest data sets from the various outlet types.

The regular use of front page free offers for customers has also helped support sales including free books, free bets and shopping discounts.

We began to see the impact of increasing inflation towards the end of the year, particularly in the cost of newsprint, which is being heavily impacted by rising energy costs. We expect this to continue into 2022.

A responsible business – focus on Diversity and Inclusion (D&I), wellbeing and sustainability

We continue to prioritise D&I in the business. Key to any D&I policy is benchmarking and data, and we carried out a Company-wide survey for the first time. Over 87% of colleagues participated, providing us with a detailed breakdown of race, gender, disability and religion. This data will help shape the next stage of our D&I journey in 2022.

We signed up to the 30% Club and The Valuable 500 to show our commitment to increase representation of women at senior levels, as well as ethnicity, and to focus on disability inclusion. These initiatives, together with our inclusion groups and champions, helped Reach secure a place in the Inclusive Top 50 Employers list for the first time. While we are pleased with the progress to date, we will continue to prioritise D&I during 2022.

Colleague wellbeing has continued to be a focus with both Sanctus mental health coaching and free access to the meditation app Headspace proving popular.

Online abuse towards journalists has become a concerning trend, so we surveyed our people to better understand the scale of the problem. As a result, in October we announced an industry-leading step to tackle online abuse, by appointing an Online Safety Editor. The role is dedicated to supporting colleagues and working with social media platforms to find solutions.

During 2021, we launched our hybrid working policy after extensive research with colleagues. The model promotes flexible working and helps attract people from broader talent pools across the country.

Our titles continue to highlight the climate emergency, and it was pleasing to see the Express Environment Correspondent John Ingham receive the British Journalism Award for Energy and Environment.

In recognition of the increasing importance placed on Environmental, Social and Governance (ESG) by the Board and stakeholders, we established a Sustainability Committee to review the Company's approach to sustainability and its wider ESG strategy.

In advance of that process we, together with a number of industry peers, committed to the Ad Net Zero commitment through Newsworks, which will see us ensure we produce our advertising without impacting the environment through carbon emissions.

During 2022, we will evolve our approach following a review of the wider ESG landscape.

The Customer Value Strategy in 2022 – B2C focus

The introduction of 'One Tap' registration to our sites has increased the number of logged-in user sessions, significantly enhancing our ability to gather data and enrich customer profiles. During 2022, we aim to grow the number of our registered customers using more than one product or platform which we believe is an early opportunity to drive engagement and loyalty.

A new, more personalised user experience will help with this target, as will our own in-house developed content recommendation tool and a tool to prioritise next actions – from serving an ad, to promoting content or registration to data-gathering opportunities.

The day-to-day operation of our newsrooms will be increasingly data-led and our CRM approach more sophisticated. Data and insights will inform our approach to drive customer retention, engagement frequency and dwell time to grow overall digital average revenue per user.

The Customer Value Strategy in 2022 – B2B focus

In January 2022, we built further on our progress with data-led advertising products by launching Neptune – our ad tech solution. Neptune brings together all the elements of our first-party data platform with our growing slate of data matching capabilities and custom-built AI contextual tools. We also recently announced the creation of a dedicated in-house Ad Tech Workshop, unique in the publishing space in that the team will sit in the commercial division and focus entirely on commercial product development – both for in-house use and, where appropriate, to license to other publishers.

Looking forward, we will continue to innovate and enhance our use of AI and other tech solutions to help monetise our first-party data sets. We will also build on the early success of our PLUS+ products which have now been used in over 200 campaigns. Our teams are focused on extending access to data-led campaigns via curated marketplaces, which an increasing number of agencies are launching to provide clients with alternatives to the traditional programmatic routes for digital advertising, OMP (Open Market Place).

The progress in registrations and data capabilities has enabled us to grow yields through offering advertisers

more targeted campaigns. However, there is more potential in this area and we are still at a relatively early stage. As we enrich our data sets by geography, content interest and demographic, and utilise contextual tools to provide further insight, we are able to offer a wider choice of data-led campaigns and drive higher yields.

Building a culture where people thrive

The workplace has changed forever as a result of the pandemic, and we continue to focus on evolving the culture of the business. In an increasingly competitive job market, a strong employer value proposition is key to ensuring we attract and retain the right people. We have made strong progress through the introduction of our hybrid working policy and by developing an extensive package of wellbeing support. Moving forward, we will seek to leverage the strength of the organisation's core purpose more effectively across the business. We have initiated an employer value proposition process to refine what Reach stands for as an employer and will bring this to the fore in recruitment and communications. In terms of talent development, we are introducing a new management and leadership development programme to develop leaders of the future, and we're increasing our focus and investment in training and recruiting the next generation of talent through outreach activity and work experience placements.

Balance sheet strength

In November, we announced that we had secured an increase in our revolving credit facility with an expanded syndicate of relationship banks. The increase in available facilities from £65m to £120m demonstrates growing confidence in the strength of the business and provides us with the optionality to accelerate our growth plans should we identify investment opportunities which enable us to progress faster towards becoming a data-led, insight-driven business.

Investing in the future

With digital revenue now 24% of our overall revenues, up from just 15% two years ago, and growing strongly, the potential of the business is clear.

We will continue to seek cost efficiencies as we transition to a more digitally-driven future. This will help to fund our investment and partially mitigate the impacts of inflation, where we are seeing significant increases in the cost of newsprint in particular.

In 2022, machine learning and AI will deliver insights across customer relationship management, editorial, marketing and ad tech, and will continue to drive our digital transition.

As we enter the next phase of the Customer Value Strategy, we are on track to double digital revenue from the 2020 base by the end of 2024.

Jim Mullen
Chief Executive Officer

1 March 2022

Our strategy



1. Delivering the stories that matter



2. Developing a data-led proposition



3. Growing through audience engagement



4. Building a culture where people thrive

Our strategic pillars have been updated to reflect progress made following the launch of the strategy in 2020. This is particularly to reflect the delivery of a 'single view of the customer' with the launch of the Reach ID towards the end of 2020. The principles of the Customer Value Strategy remain the same, with our focus on data, content and engagement as well as on our people and culture.

See pages 26 to 29

Our strategy



1. Delivering the stories that matter

Why this is important

While the business is undergoing immense change as we create the Reach of tomorrow, our purpose, to serve communities as champions, campaigners and changemakers, remains the same. With a growing focus throughout society on sustainability, authenticity and provenance, our role as a trusted source of news and information, to challenge and hold power to account, has never been more important. Our newsbrands have a long heritage, both at a national and local level, and our award-winning journalism is relied on by millions of people for news, entertainment and sport. Newsrooms sit at the centre of our business, with our editorial teams focused on informing, entertaining and involving our audience. Content is what we do.

What we have delivered

- Significant investment in journalism, with recruitment of over 400 new digital journalists
- Extended reach of our Live regional websites into every county of England and Wales
- Our newsbrands have continued to shine a spotlight on many of today's pressing issues, holding power to account and advocating on behalf of our communities – see pages 32 and 33 for some examples

What's next?

- Belonging Project launched to put inclusivity at heart of newsroom and ensure minority communities represented in our editorial content
- Further investment in promotion of our content on social media
- Investment in functionality and efficiency of our websites as we look to improve user experience

Evidencing delivery

400+

Journalists recruited this year

+6%

Growth in digital unique users since 2019

26

New local newsbrands launched in 2021



2. Developing a data-led proposition

Why this is important

The rapid growth of digital continues to shape all aspects of our lives, including how we choose to consume news, sport and entertainment. As the largest commercial publisher in the UK, we have a significant online presence with just under 42m monthly visitors to a Reach website. By capturing and analysing how they interact with us, we're able to provide more of the content they like to read and drive greater engagement and loyalty by learning more about them. Greater user insights are also valuable to advertisers, who can deliver more relevant advertising based on an evolving understanding of consumer preferences. With upcoming industry changes to the ways in which advertisers can access consumer information, our strategy will increasingly enable us to provide differentiated data-led products to our clients.

What we have delivered

- Launched new digital technology platform, Neptune
- Reach ID, unique identifier enabling us to consolidate user activity across all platforms
- Over 25% of our UK digital audience are now registered users
- Launched PLUS+, a new suite of more effective data-led products for advertisers

What's next?

- Expand and enhance use of AI and other tech solutions to help monetise data
- Build on early success of PLUS+ and focus on growing access to data via curated marketplaces
- Increased use of customer data and insight in newsroom by the editorial team

Evidencing delivery

10m

registrations at
February 2022

+25%

PLUS+ drives more
than 25% of digital
revenue uplift

3x

PLUS+ led campaigns
are over 3x more
effective for advertisers

Our strategy continued

Evidencing delivery

19.6bn

Total page views
+29% versus 2019

+35%

Page views per
visitor versus 2019

+71%

Loyal users versus 2019



3. Growing through audience engagement

Why this is important

With around 80% of internet enabled consumers in the UK already accessing Reach content on a monthly basis, the success of our Customer Value Strategy is less about audience growth and more about encouraging our existing audience to visit our sites more often. Engagement and loyalty connect our Customer Value Strategy with our purpose as a publisher of news. More engaged readers consume more of our content, more regularly. By building more meaningful relationships with our audience, we will grow the editorial impact of our content and the value it generates through advertising revenues.

Engagement increases both the volume of digital advertising we serve and also the rate clients are prepared to pay for it, with more targeted and therefore effective marketing campaigns enabled by a deeper understanding of our readers.

What we have delivered

- Appointed an Audience Transformation Director
- Total page views and page views per user up 29% and 35% respectively versus 2019
- Recruited newsletter-focused editorial roles and significantly expanded newsletter portfolio
- Strong growth in content consumed by registered users, e.g. newsletter-driven page views of around 53m per month, up 138% in 2021

What's next

- Grow the number of our registered customers using more than one product
- Greater focus on increasing frequency of customer activity
- More 'personalised' user experience, for example, through content recommendations and greater customer interaction to extend user time on site



4. Building a culture where people thrive

Why this is important

Our future success is dependent on the performance of our passionate team of people. As part of transforming Reach to become a more growth and digital-orientated business, we're investing in fostering a culture that supports this evolution. We want to make the working environment at Reach one where people from a wide range of backgrounds feel included and are empowered to thrive.

Supporting Diversity and Inclusion (D&I) is a major cultural priority for us, not only because it's simply the right thing to do but because it will make us better too. Diversity of thought will continue to fuel our innovation, and a workforce that's representative of the communities we serve is critical in building powerful relationships with readers and keeping them informed on the issues that matter to them.

The challenges posed by the pandemic have brought into sharp focus the importance of wellbeing, job flexibility and balance. We're evolving our approach to recognise that 'life happens' and support all of our employees as individuals, so they can achieve excellence for our business and grow and develop in their careers, while also thriving outside the workplace.

What we have delivered

- Introduced a hybrid working model, promoting flexible working and opening up a broader talent pool
- Launched our D&I strategy, brought to life throughout the organisation by introduction of six inclusion networks (see pages 38 and 39 for more details)
- Strengthened our wellbeing offering with introduction of a 'healthcare for all' programme, access to free mental health coaching via Sanctus, free subscriptions to mindfulness app Headspace and support from Mental Health first aid trained wellbeing champions

What's next?

- Consultative programme to unite and excite our people around our core purpose and employer value proposition, to support talent acquisition and employee engagement
- New Editorial Progression Framework, to give our editorial colleagues a clearer picture of their potential career pathways
- New management and leadership development programmes
- Investment in outreach activity and work experience placements
- Supporting managers to have effective and supportive 1:1 conversations with their team members, which focus on wellbeing as much as performance
- Further development of our wellbeing support offering, to help our people support their own wellbeing at work

Evidencing delivery

7.4

Our average employee engagement score at the end of 2021 (up from 7.1)

28

Mental health first aid trained employees

87%

of Reach people completed our Be Counted survey (see page 38 for more details)

124

volunteer inclusion champions across our business

#42

Reach's ranking in the Inclusive Top 50 UK Employers List

Key performance indicators (KPIs)

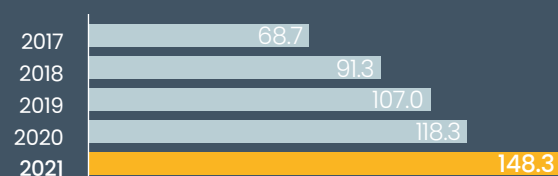
The Group has six KPIs (four financial and two non-financial) which are key to the Group delivering on the Customer Value Strategy and meeting our commitments.

The Group needs to maximise digital revenue growth while minimising print revenue decline to deliver overall revenue growth. An increasing margin and maintaining operating cash flow are needed to fund the Group's commitments and investment needs. Two of the key drivers of digital growth are registrations and page views.

In 2021, the Group achieved all four financial KPIs. Higher digital revenue growth and a lower level of print decline have contributed to LFL¹ revenue growth for the first time since 2007 while operating margin increased and operating cash flow was maintained. The non-financial target relating to UK page views was missed as page views declined year on year as a result of the significant COVID-19 related traffic generated during the early part of the pandemic in 2020. Significant progress was made in moving towards the customer registrations target and since the year end, the target has been met and the KPI will be reviewed in 2022.

Financial

Digital revenue growth (£m) LFL¹ +25.4% (2020: +10.6%)



Target

Year-on-year growth in LFL digital revenue

Adjusted operating margin (%) +1.4pp



Target

Continue to grow operating margin

Print revenue decline (£m) LFL¹ -4.7% (2020: -18.9%)



Target

Improved year-on-year LFL percentage decline rate

Adjusted operating cash flow (£m) +£19.5m

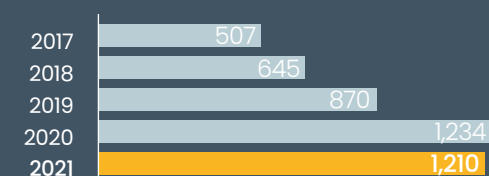


Target

Maintain operating cash flow to meet pension, debt, dividend and investment requirements

Non-financial

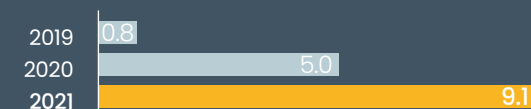
Total average UK² page views per month (m) -2%



Target

Year-on-year growth in total UK page views

Customer registrations (m) +82%



Target

10m by end 2022

1. Like-for-like (LFL) revenue as defined on page 53.

2. The non-financial target relates to UK page views which are more significant to revenue whereas worldwide page views are disclosed throughout the Annual Report as an indicator of the total reach of our content.

Sustainability

FOCUSED ON IMPACT

To underpin our commitment to sustainable governance, we focus and measure our impacts in the five areas outlined below. As a media organisation, we also have the opportunity to make a real world difference in these areas every day – for example, in support of environmental campaigns or community fundraising – with the power of our editorial coverage.

Bringing positive change through our editorial impact



See more on pages 32 and 33

People

Key highlights in the year

- Moved to a hybrid Home and Hub way of working, adjusting to a more modern way of operating, offering our people more flexibility and enabling us to attract talent from a broader pool
- Made significant investments in employee wellbeing

Relevant SDGs*



See more pages 34 to 37

Diversity and Inclusion

Key highlights in the year

- Evolution of approach to D&I recognised by listing in the Inclusive Top 50 UK Employers List
- Our senior leaders developed their own inclusion action plans, with 79% of actions completed by the end of the year

Relevant SDGs*



See more pages 38 and 39

Communities

Key highlights in the year

- Campaigned for a change in the law to protect children from foreign body ingestion, bringing issue to the attention of the UK Parliament and MPs
- Highlighting food and fuel poverty and raising awareness of support services available to struggling families

Relevant SDGs*



See more page 40

Environment

Key highlights in the year

- Mirror's annual climate special edition focused on the impact the crisis will have on the UK, showing what lies ahead if rising sea levels aren't addressed ahead of COP26
- Express praised at British Journalism Awards for changing its editorial stance to become a leading voice campaigning for the environment

Relevant SDGs*



See more pages 41 to 45

Responsible business

Key highlights in the year

- Foundations established for health and safety digitalisation projects, allowing easy access while promoting organisational efficiency
- A streamlined referral system has been implemented to support employees with complex ergonomic needs

Relevant SDGs*



See more pages 46 to 49

* United Nations Sustainable Development Goals
Read more about how we are governing our approach to sustainability with our newly formed Sustainability Committee on pages 88 and 89

Bringing about positive change

In 2021, our regional and national titles played a vital role in campaigning on behalf of readers, making a real difference to people's lives, either through changes in law or simply by raising awareness of the issues of the day.



Every year Pride of Britain celebrates ordinary people doing extraordinary things around the country. See page 40 to learn more about the Pride of Britain fund, our charity which supports life-changing community initiatives.

Drug law justice

The Daily Record successfully campaigned for a change in law that will decriminalise personal drug use, reduce the cycle of ineffective jail time and help people suffering from drug addiction to get the help they need.



Campaign for a cure

The Sunday Express won its campaign for the Government to fund the search for a cure for motor neurone disease after just four months. The Prime Minister pledged £50m for scientific research after the title ran a story every week for 18 weeks.



Speaking up for the north

Our daily newsletter brand The Northern Agenda launched a campaign on behalf of its readers in November, urging the Government not to scale back on promised rail investment in the north of England. Inspired by the poster for the 1996 film Trainspotting, six of our Northern daily newspapers supported the campaign and ran front pages urging ministers to "Choose the North"; successfully raising awareness of the Government's apparent change of heart on funding.



Climate change specials

The Express's 'Green Revolution' issue and campaigning work with eco-warrior Dale Vince made waves and won Environment Editor John Ingham a British Journalism Award.

The Mirror introduced the industry's first 'Weather & Climate' page along with new weather reporting guidelines.



Cash for Connectivity

In early 2021, our neighbourhood news platform InYourArea collaborated with several of our Northern news titles including the Chronicle (Newcastle), the Gazette (Teesside), LeedsLive, YorkshireLive, the Manchester Evening News, the Liverpool Echo and the Huddersfield Daily Examiner, to join the Cash for Connectivity appeal and help provide internet access for households in need across the north of England. The campaign aimed to stop children from falling further behind in their education because they were unable to access online learning at home

during lockdown, following research from the Office of National Statistics indicating that only 51% of low-income households have home internet access. The campaign has now raised £50,000, allowing for the distribution of 5,000 dongles to households across the north who previously didn't have internet access.



Law change to protect children

StokeonTrentLive and the Sentinel launched a campaign calling for the banning of button batteries from non-essential goods, and the need for ones used in essential items to be made safe. The Harper-Lee's Law campaign was in response to the tragic death of young Harper-Lee Fanthorpe,

who died after swallowing a button battery. Since the campaign's launch, a foundation has been set up, which will focus on awareness and education.

Better lives for veterans

The Sunday People's long-running Save Our Soldiers campaign enjoyed another strong year in 2021 – relentlessly shining a light on ill treatment of veterans and urging change.

The title is pressing the Government to set up a suicide register, bolster mental health support, and to give posthumous recognition of those who died in service from mental health problems.

The lack of basic provision for even the hardest hit was underlined in March by the shocking plight of Patrick Gallagher, who lost a leg fighting for Britain but was forced to crowdfund £7,000 for a brain scan.



Fighting homelessness

BelfastLive launched the Opening Eyes On Homelessness campaign, highlighting the serious issue of homelessness in the city. Reader donations to the campaign helped fund a new Street Outreach vehicle for a local homeless charity, providing medical support to the most vulnerable on the streets of Belfast.



People

The passion of our people fuels our success. We know that attraction, engagement and retention of top talent are crucial to our long-term sustainability.

Having increased the support available to colleagues through the unique challenges presented by the pandemic, in 2021 we focused on making our organisation a place where people are set up to thrive, now and in the future.

We want Reach to be a workplace where people are empowered to deliver excellence for our customers, build brilliant careers, and enjoy balance in their lives too.

Supporting wellbeing

The extraordinary events of 2020 brought wellbeing into sharp focus, and in 2021 we reshaped our people promises through this lens. At its heart, our people strategy is about recognising that everyone's different.

We want to embrace diversity and individual differences, and acknowledge that life happens. That means having best practice policies and guidance in place (for example, we've launched enhanced family policies and a menopause toolkit), as well as giving people personal support through life's moments that matter – whatever they are for that individual.

In response to the pandemic, we challenged our ways of working and offered our people more flexibility through our hybrid 'Home and Hub' model. We want to build a culture that sets people up to thrive in the digital age, values output over desk hours and attracts people from a broad talent pool.

To support this new, primarily remote way of working, we've offered our people free subscriptions to mindfulness app Headspace, trained our team of wellbeing champions in mental health first aid, and run employee workshops on work/life balance. We re-launched our employee assistance programme, which gives our people and their families access to 24/7, confidential and impartial advice on a wide range of wellbeing issues.

We've also taken the UK industry-first step of hiring an Online Safety Editor, to support our people who are sadly often subjected to online abuse, and press for action to tackle the issue.

Our investment in wellbeing has been reflected in employee feedback – positive responses to the statements 'health and wellbeing are a priority at Reach' and 'Reach provides benefits that support my wellbeing' increased to 7.3 and 7.5, respectively, in 2021.



2021 highlights

- Introduced our healthcare for all programme, meaning we offer healthcare provision for all our people – everyone across Reach can access a free healthcare cash plan or private medical cover
- Launched our first employee sharesave scheme – giving our people an opportunity to have a share in the future success of our strategy
- Developed a fresh approach to talent and succession identification, creating tailored development solutions to support the needs of our business as we continue to grow and change
- Bolstered our employee wellbeing offering by giving all our people free subscriptions to the mindfulness app Headspace, access to free mental health coaching through Sanctus, and 24/7 confidential support through an improved employee assistance programme
- Delivered a leading remote teams training programme for all people managers, dedicated to equipping them with the tools to manage effectively and support their colleagues' wellbeing in a remote environment

Communicating and engaging

As we've moved to a hybrid working model, we've invested in keeping our people connected. Our Executive Committee has continued to run regular Reach-wide town halls, and we've found that running them virtually means they're accessible to more people, breaking down geographical barriers and supporting an inclusive culture.

We continue to share Company news, people stories and events through our intranet and email newsletter. We work hard to share financial updates and announcements on matters that are of interest to our employees in a timely and easily digestible way (while following our obligations as a plc).

All our people are invited to wellbeing Tea & Talk sessions, Connect & Learn virtual workshops on key strategic focus areas and the many insightful events organised by our inclusion networks.

We've maintained productive relationships and continued to work closely with recognised trade unions, hosting regular discussions on topics of interest to our people, including financial performance, ways of working, and Diversity and Inclusion initiatives.

Our CEO has a virtual door-always-open policy, and hosts bi-weekly virtual breakfast meetings with mixed groups of colleagues, where he invites them to ask him anything. We receive consistently positive feedback on these sessions – they were rated 9.3/10 on average in 2021 – with colleagues praising Jim's openness, honesty and commitment to connecting with his colleagues.

At the start of the pandemic, Jim shared a Group-wide email update every Friday, to keep people informed on the Company's response. Having received positive feedback on his commitment to regular and honest communications, he has continued to share an update each week, highlighting success stories, commending colleagues for their work, and emphasising the importance of nurturing wellbeing.

We invite all our employees to share their feedback and feelings about working for Reach through our monthly pulse engagement survey (which 64% of our workforce completes, on average, each month). Line managers can access results, review comments and respond.

This gives us access to a wealth of data and insight into our employees' engagement, and we review different points throughout the employee life cycle to spot trends and opportunities.

Increasing employee engagement continues to be a top priority for us as we grow our business. In 2021, we welcomed more than 1,200 new employees, and

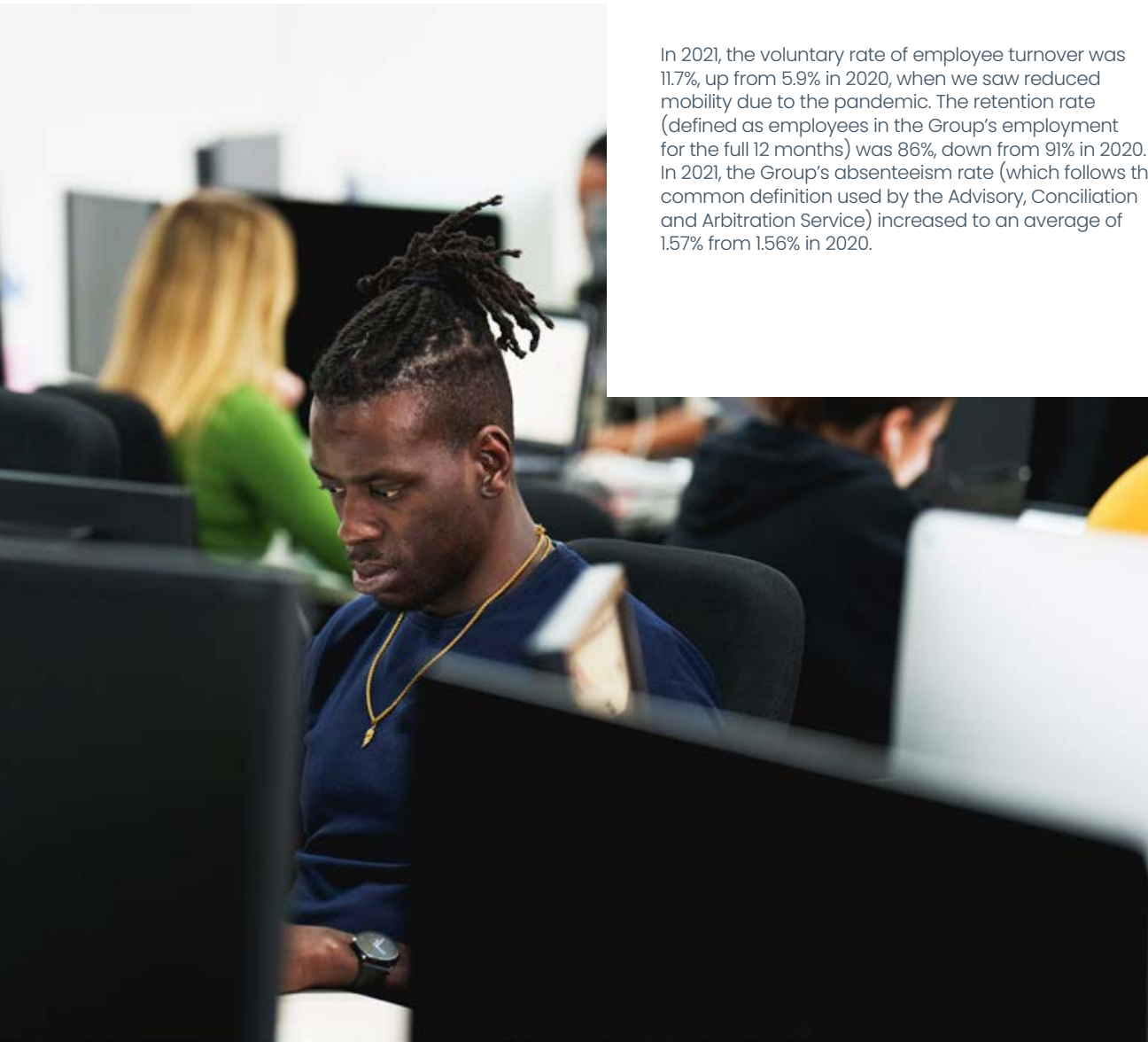
launched a new onboarding process to give them a warm remote welcome to Reach. Since launch, engagement levels (measured through our monthly survey) for new joiners have risen from 8.2 to 8.6.

Our investment in people has been reflected in our overall engagement score, which at 7.4 is the highest on record at Reach.

We also monitor retention rates and absenteeism as key indicators of engagement and satisfaction.



People continued



In 2021, the voluntary rate of employee turnover was 11.7%, up from 5.9% in 2020, when we saw reduced mobility due to the pandemic. The retention rate (defined as employees in the Group's employment for the full 12 months) was 86%, down from 91% in 2020. In 2021, the Group's absenteeism rate (which follows the common definition used by the Advisory, Conciliation and Arbitration Service) increased to an average of 1.57% from 1.56% in 2020.

Developing great talent

We've identified professional development and growth as a key engagement opportunity for our people. In 2021, we dramatically changed our approach to performance development to bring it in line with our strategic ambitions.

We launched Reach Check-ins to give our people a light-touch framework to focus on having regular, open and honest 1:1 conversations that enable managers to focus as much on wellbeing as performance, without being constrained by a long form or process.

We also recognised that we needed to build our managers' confidence in being able to lead these conversations and support our employees' wellbeing. We rolled out mandatory Leading Remote Teams training for all people managers, and linked completion rate to management bonus (100% of managers completed it).

Our Executive Committee and HR team collaborated on our new talent identification and succession planning framework, to make sure that we have the right senior roles, capabilities and talent pipeline in place to deliver our long-term strategic goals.

We've invested in our early careers offering, with 61 people enrolled on apprenticeship courses with us.

Overall across 2021, our colleagues benefitted from more than 5,000 learning hours – excluding compliance training.

Rewarding our people

After the challenging and unpredictable nature of the start of the pandemic, in 2021 we were pleased to have been able to repay all our people for the temporary pay reduction from 2020, reinstate our bonus schemes and award a pay increase. We also introduced healthcare support for all our employees and offered our people the opportunity to take part in our new sharesave scheme.

In 2020, we offered our employees up to £400 of free shares as a thank you for their hard work during a uniquely challenging year. In December 2021, these shares vested and those who took up the offer of shares could either sell their shares, or sell enough to cover their PAYE liability and keep the rest as shares.

We continue to offer competitive employee benefits, including a defined contribution pension scheme (matched up to 6%), enhanced family leave policies, life assurance, and the opportunity to select from a wide range of additional benefits (such as shopping discounts, car leasing and holiday and tech purchase schemes).

Gender pay gap

In 2021, we saw further progress in reducing our gender pay gap for Reach overall – the median pay gap reduced from 15.4% in 2020 to 11.7% in 2021, and the mean pay gap reduced from 16.3% in 2020 to 13.6% in 2021.

We remain committed to taking action to reduce the gender pay gap as part of our broader ambition for inclusion across our business. In particular we support participation of women at all levels in the organisation and have made some significant appointments of women to key management roles. We know that driving real change will take some time and remain committed to doing so while ensuring we're fair and transparent for all our employees. Our full gender pay gap will be published separately on our corporate website in line with requirements.

Looking ahead

In 2022, we're prioritising talent attraction and proposition, to unite and excite our workforce around our purpose and help us to attract, engage and retain the best people to drive our business forward.

We'll run a detailed research process with our people to develop an authentic and powerful employer value proposition that we can use to celebrate our people and culture, and make Reach stand out as an employer of choice.

We have some exciting learning and development opportunities coming for people at all levels in 2022. Our Aspire and Inspire management and leadership development programmes are designed to develop our leaders of the future, and we'll be investing in the next generation of talent through outreach activity and work experience placements.

We're also planning to introduce an editorial progression framework, to help give our editorial colleagues a clearer picture of the exciting careers they can build at Reach and how they can make their ambitions a reality.

Employee wellbeing will continue to be a top priority for us, as we continue to support managers with leading remote teams. We'll be working closely with our employees to understand what further support they need from us, and shaping our wellbeing offering around that.

At the year end, the Group employed 4,671 permanent employees across 30 locations:

Division	Permanent
Commercial	806
Editorial	3,119
Production	361
Support Services	385
Total	4,671

Our employees are paid for work undertaken and receive holidays and rest periods in line with regulations. We monitor employees' holiday usage to ensure they take statutory entitlements and reduce the risk of breaches of regulations by publishing employee entitlements. Under our contracts all our employees are paid above national minimum wage thresholds and no one is subject to forced labour. The Group does not have any zero hour contracts.

Diversity and Inclusion



Diversity and Inclusion is a critical part of our business strategy – we want to make our workforce diverse, our environment inclusive, and our content representative of the communities we serve.

Achieving these things will help us deliver for our customers, engage and retain a team of top talent, and keep our business successful and relevant far into the future. Plus, it's simply the right thing to do.

2021 was a transformative year for Reach's approach to D&I. We brought in a dedicated Inclusion team, reporting directly to our CEO, and designed a

strategy with the clear aim of making our organisation a place where anyone has the opportunity to get in and get on.

We asked all of our people to 'Be Counted' by sharing information on their identity, background and characteristics. 87% of our workforce participated, giving us a robust foundation for a data-driven approach to inclusion. It helped us understand the make-up of our team and the challenges our people face, so we can spot gaps and opportunities and focus our efforts where we can really make the biggest difference.

This data, alongside employee feedback and best practice insight, informed our strategy, which is based on three core pillars: connect, respect and thrive. All of our inclusion activity is clearly aligned to our inclusion pillars, and to our wider business strategy.

Underpinning our strategy are our six inclusion networks, each with a leadership committee and Executive Committee sponsor. We also have a powerful and passionate network of Inclusion Champions, who are charged with bringing our inclusion strategy to life in their local function or team.

Each network has developed their own business plan, with tangible objectives and goals. The networks encourage discussion, act as a channel for

2021 highlights

- We delivered a two-day 'Big OutReach' work experience programme for almost 100 students
- We lit up our print sites in support of #PurpleLightUp, a global movement that celebrates and draws attention to the economic contribution of the 386m disabled employees around the world
- We partnered with the Terrence Higgins Trust on World Aids Day to run an event featuring internal and external speakers
- During Black History Month our CEO hosted three virtual breakfast discussions with members of our ReachCulture race and ethnicity network. We also launched our 'Black History is our History' website and used Black History Month mastheads for our regional titles

feedback, raise awareness among our workforce and lay the groundwork for more diverse and inclusive content across our products and titles.

We've formed an Editorial Inclusion Board, which is charged with reviewing our processes and content through an inclusion lens, and creating a feedback loop so that our people's voices are heard.

Our Inclusion team has also been working with our senior leaders to develop inclusion action plans for every function in the business. The 79 plans, which are aligned to bonus measures, hold our managers accountable for inclusion delivery and facilitate the changes that will truly make a difference to the future of our business.

We've also:

- become the first media group to join the 30% Club, and both our Chairman and Chief Executive have made pledges regarding the Board and Executive Committee respectively. As part of our commitment to gender balance we're participating in the 30% Club cross-company mentoring programme with 20 of our talented colleagues;
- made clear external commitments by signing the Race At Work Charter and The Valuable 500;
- developed and delivered a bespoke workshop for our managers focusing on inclusive hiring techniques. In 2021 more than 500 of our managers took part. We've also introduced diverse panels, different selection methods and run a large recruitment pilot with diversity targets at the shortlisting stage;
- launched a cultural transformation programme, Playing your Part, which has included Executive Committee 1:1 coaching and workshops for our leaders and key influencers. We'll roll out the programme Group-wide in 2022; and
- collaborated with multiple strategic partners for the purposes of benchmarking, raising awareness among our colleagues and attracting diverse talent including PurpleSpace, The Social Mobility Foundation and Women's Sport Trust.

All of this activity contributed to us being ranked in the Inclusive Top 50 UK Employers List in 2021, the first time a media company has been included.

Equal opportunities

We've continued our commitment to giving fair consideration to applications for employment made by disabled people, bearing in mind the requirements for skills and aptitude for the job.

In the areas of planned employee training and career development, we strive to ensure that disabled employees receive equal treatment on all possible benefits, including opportunities for promotion. We make every effort to ensure that continuing employment and opportunities are also provided for employees who become disabled, where reasonably practical to do so.

ReachAbility, our inclusion network focused on disability, launched its ReachAbility card in July 2021, after feedback from its members. The ReachAbility card aims to help colleagues with a health condition, impairment or disability to discuss the adjustments they need in the workplace with their line manager and our HR team. It carries over between roles to ensure managers can see what support is needed.

The initial conversation about reasonable adjustments is instigated by the employee, using the ReachAbility card as the framework. If a new starter has disclosed their health condition, impairment or disability as part of their onboarding process, they will receive an email from the HR department to signpost them to the ReachAbility card, should they feel they need it.

Our colleague inclusion networks**ReachPotential****ReachAbility****ReachEquality****ReachCULTURE****ReachOut+****15%**

of our colleagues are a member of at least one network

124

Inclusion Champions across the business

35

events and activities organised by our networks

28%

of our colleagues participated in the formation of our inclusion strategy through our research

Communities



Through our trusted regional titles we have built relationships with many local communities across the UK, serving and standing up for each of them through our editorial work. This includes publicising charities and community-led campaigns, raising awareness of socioeconomic inequalities and alleviating the impact of the COVID-19 pandemic.

Pride of Britain Fund

The Pride of Britain Fund supports local charities in making a long-term difference, and continued its work with community groups in 2021, following on from its partnership with the Mirror's Helping Hand campaign the year before.

With the backing of Manchester United star Marcus Rashford, the fund donated £30,000 to Manchester-based youth charity NGage, providing them with a converted minibus for their outreach programmes with disadvantaged young people.

The fund donated a further £20,000 to the Anthony Walker Foundation, helping it to support the victims of race crimes and stamp out racism through education and awareness.

Benefit Bristol

Winter is always a tough time, but 2021 was even more challenging for many families in Bristol as they were hit by rising energy costs and the removal of the £20-a-week uplift of Universal Credit.

BristolLive launched its Benefit Bristol campaign in October 2021 to highlight the support available to Bristol's most disadvantaged families. Since then, it has published more than 20 news stories as part of the campaign, speaking to volunteers who run organisations such as food banks and charities, highlighting the services they provide, and helping them to voice their serious concerns for the most vulnerable in society.

Our readers viewed the campaign more than 57,000 times in 2021. Key city figures backed the campaign and praised the organisations involved, including Bristol West MP Thangam Debbonaire and Bristol East MP Kerry McCarthy, whose constituents were impacted by the Universal Credit cut and cost-of-living increases.

2021 Highlights

- Fundraising for community-led initiatives
- Community awards to recognise local people doing extraordinary things
- Editorial support for local campaigns

Harper-Lee's Law

The Sentinel and StokeonTrentLive have been campaigning for a change in the law around battery safety with Stoke-on-Trent mum Stacy-Marie Nicklin, following the tragic death of her two-year-old daughter, Harper-Lee Fanthorpe.

Harper-Lee died after swallowing a button battery that had come loose from a remote control. She suffered major internal injuries and died within hours.

The proposed Harper-Lee's Law would make it a legal requirement for button battery manufacturers and retailers to improve safety measures and warnings about the dangers of these devices. It is also the campaign's aim to raise public awareness, and to ensure health professionals are more aware of the signs of button battery ingestion, allowing them to take action quickly and save lives.

Nearly 8,000 readers have signed the petition backing this campaign, and in July 2021 Stoke-on-Trent Central MP Jo Gideon brought the law to Parliament through the Button Batteries (Safety) Bill, and to the attention of the Prime Minister Boris Johnson.

Since the campaign launched, the Harper-Lee Foundation has been created to raise awareness of the dangers of foreign body ingestion, and major retailers such as Amazon and eBay, and manufacturers such as Duracell and Energiser, have joined talks about what they can do to help the campaign achieve its goals.

Environment

We recognise that as a media company our operations have an environmental impact which we seek to manage through our environmental programme. We also seek to take the opportunity to raise public awareness around environmental issues through our publications.

Ipsos Iris research backs up the importance of the environment to our readers. According to a study based on a profile of our audience, 82% of our digital readership say they make an effort to recycle, while 18% say they are prepared to pay more for goods and services which are environmentally sustainable.

This data confirms the importance of our coverage of environmental issues, not only for the world at large but for our own readers.

External recognition and ratings

This year, the Company has again maintained its inclusion in the FTSE4Good Index, which measures the quality and transparency of our environmental, social and ethical disclosures. In 2021, Institutional Shareholder Services (ISS) scored the Company at C+ in its ESG report.

We continued to report voluntarily on our emissions through the international Carbon Disclosure Project (CDP), completing their questionnaire on climate change and achieving a score of B- for 2021. As in previous years, we sought an independent review of our submission to identify areas for increased disclosure, and we continue to work to increase the transparency of our reporting.

2021 highlights

- Good progress towards our five-year greenhouse gas (GHG) emissions target
- All our electricity continued to be 100% renewable
- We continued to profile environmental issues through our publications and tracked their reach
- We expanded our reporting to disclose Volatile Organic Compounds (VOCs) emissions

Supply chain

Our commitment to a sustainable and ethical supply chain

Paper sourcing and sustainable forestry

We remain committed to maximising the use of graphic paper that is produced from recycled fibre, or fibre from forests that have been independently certified as sustainable. In 2021, we sourced 97.5% of all of our graphic paper for Reach own products from recycled materials or wood from certified sustainable forests, against our target of 95%.

Contracted printing and product distribution services

We take account of environmental standards when awarding contracts for the printing of magazine supplements and the road distribution of printed products. Key contractors measure and report the energy consumption and carbon emissions associated with the work they undertake on our behalf. This is reported under our Scope 3 emissions.

Waste management and recycling

We are committed to reducing the waste we produce and maximising the recycling and reuse of waste. This year, we have reported the total volumes of hazardous waste from our print sites, where the majority of hazardous waste is produced. We have also reported on total weights of paper waste recycled from print sites, which is our main non-hazardous waste stream.

During 2021, we have embarked on an extensive refurbishment of our hubs. As people have moved to a more agile way of working, we have incorporated collaboration zones into our hubs. The areas have been furnished using sustainable and recycled materials.

Also in 2021 we met our targets to maximise the reuse or recycling of paper waste and hazardous wastes from our print sites. We also met our target that 100% of waste electrical and electronic equipment (WEEE) from all Reach sites be either refurbished and reused or processed for materials recycling.



Influencing positive environmental change

As a media organisation, we have the opportunity to influence public opinion and seek to encourage positive action through campaigns in our coverage. Through both our national and regional titles, we regularly campaign for change, draw attention to climate issues, and help to make the climate crisis part of the mainstream national conversation.

In December 2021, the Daily Express's John Ingham won the energy and environment category at the British Journalism Awards. The judges praised the Express for "changing its editorial stance in recent years to become a leading voice campaigning for the environment and securing positive change". John's work on the title's Green Britain Needs You campaign effected real change, including the toughening of the Environment Bill, and saw him visit a vanishing glacier to highlight the race against time to halt climate change.

In 2021, we joined the Ad Net Zero campaign and have committed to be part of this industry-wide drive to reduce the carbon impact of developing, producing and running advertising to real net zero by end 2030.

Environment continued

Climate change

We recognise the increasing importance of climate change triggered by greenhouse gases (GHG) from burning fossil fuels which poses a threat to the whole of humanity and continue our journey to reduce our environmental impact.

In 2020, we published our GHG emissions reduction target and committed to reducing market-based GHG emissions from activities under our direct management control (Scope 1 and 2 emissions) by 75% by 2025 versus a 2019 baseline. In 2021, our Scope 1 and 2 GHG emissions were 73% lower than in 2019.

Electricity use is our main source of energy consumption. In October 2019, we started a three-year contract to purchase 100% of electricity from renewable sources. As a result, our market-based GHG emissions from electricity purchased in 2021 was zero.

Our gas usage in 2021 was higher than 2020, as additional heating was needed to accommodate the increased ventilation requirements for COVID-19 at our print sites. Despite this, our total Scope 1 GHG emissions reduced in 2021 due to lower refrigerant gas losses and lower oil use. Oil is used for back-up generators which are being phased down. However, our Scope 1 GHG emissions increased per million pages printed due to reduced demand.

In 2021, we continued our energy efficiency programme with further LED lighting upgrades at our Watford print site which contributed an estimated 90 MWh saving in the year.

Our Scope 3 GHG emissions are 21% lower than 2020.

A breakdown of the Group's energy consumption and associated GHG emissions during 2021 is set out in the table on page 44.

Governance

Environmental management in 2021 was overseen by the Corporate Social Responsibility (CSR) Steering Committee, chaired by the Chief Financial Officer. The Steering Committee had oversight of the targets and progress of the environmental programme, ensuring that it continues to deliver against the Environmental Policy objectives, considering the context that the

Group is operating in. On a biannual basis, the CSR Steering Committee oversees a review of the environmental risks to the business and approves any necessary changes arising from this, and these meetings are well attended. In 2022, the CSR Steering Committee will broaden its remit and membership and become an Environmental, Social and Governance (ESG) Steering Committee under the new Board Sustainability Committee.

We have commissioned an independent materiality assessment to understand the key sustainability issues that are relevant to the Group going forward and their relative priority. This will be completed in early 2022.

Risk

We recognise we are exposed to both physical and transitional risks and opportunities from climate change, and we are committed to assessing and mitigating risks that are material to our business.

We have incorporated an analysis of how climate change affects our individual businesses with the business interruption plans for each site. The Group's operations are predominantly in the UK and comprise light manufacturing, office-based activities and business travel, and we believe the risks from climate change are relatively low. We review this as part of our annual review of risk.

The ESG Steering Committee will be responsible for ensuring that all climate change and environmental targets and legislation are met which includes the Task Force on Climate-related Financial Disclosures (TCFD). The Sustainability Committee has overall responsibility at Board level.

We recognise there is work to be done to expand our disclosures in line with the recommendations of the TCFD, and we are putting a framework in place via the ESG Steering Committee to address the recommended disclosures. We have not disclosed our compliance with the TCFD framework as our financial year started on 28 December 2020.

The ESG Steering Committee has allocated resources to implement a framework in 2022 to fully identify climate-related risks and actions to mitigate these, including our resilience to different climate-related

scenarios. The ESG Steering Committee will oversee this and report progress to the Sustainability Committee.

Strategy

Climate change is an increasing area of focus for the Group. Under our Environmental Policy, we are committed to ensuring that our activities do not create pollution or otherwise damage the environment. The policy sets out our specific commitments in relation to the main areas where we have the potential to cause environmental impacts, such as paper sourcing, sustainable forestry and recycling, energy consumption and greenhouse gases, volatile organic compound emissions from print works, waste management and recycling, and the purchase of contracted printing and product distribution services.

We systematically monitor the environmental legal requirements and other compliance obligations that apply to our business, including industry codes of practice. We take action to ensure that all parts of the Group remain compliant with the relevant obligations identified.

The Environmental Policy has been adopted by the Board which ensures that it is progressively implemented through a programme of annual targets and action plans. Progress against policy commitments is regularly audited, analysed and reported, to ensure that environmental management system arrangements continually improve, and our environmental performance is enhanced.

For businesses and individuals alike, 2020 was a difficult year and from the beginning of lockdown the publishing offices have been closed with staff working from home. It was therefore decided to defer our ISO 14001 audits and recommence in early 2021. Print staff remained on site throughout the pandemic and were able to continue with their external audits remotely.

During 2021 staff mainly worked from home however Reach has re-established ISO 14001 audits across our publishing hubs. Print sites under our ownership also continued with the audits.

There were no prosecutions or compliance notices for breaches of environmental legislation during 2021.

Targets and metrics

2021 Target	Progress in 2021	2022+ Target
Climate change		
We will reduce GHG emissions (Scope 1 + Scope 2) by 75% by 2025 versus a 2019 baseline and maintain this.	On track Our GHG emissions (Scope 1 + Scope 2) have reduced by 73% in 2021 versus 2019.	We will reduce GHG emissions (Scope 1 + Scope 2) by 75% by 2025 versus a 2019 baseline and maintain this.
We will aim to reduce our electricity consumption by an average of 5% annually over the next three years to 2023 versus a 2019 baseline.	On track Our electricity consumption in 2021 is 23% lower than 2019.	We will aim to reduce our electricity consumption by an average of 5% annually over the three years to 2023 versus a 2019 baseline.
Maintain GHG emissions associated with UK/domestic business travel in 2021 compared with 2019, on a like-for-like basis. Note: Overseas travel is excluded because the requirement to cover news events fluctuates year-on-year and is outside the Company's control.	Achieved a 66% reduction in UK/domestic business travel GHG emissions versus 2019.	Maintain GHG emissions associated with UK/domestic business travel in 2022 compared with 2019, on a like-for-like basis. Note: Overseas travel is excluded because the requirement to cover news events fluctuates year-on-year and is outside the Company's control.
Environmental management		
All print sites under our ownership to maintain ISO 14001:2015 accreditation.	Achieved ISO 14001:2015 certification was maintained for print sites.	We are aiming for a combined ISO 14001:2015 certification for all four print sites under our ownership across the UK within the next two years.
All publishing sites that were accredited in 2019 to ISO 14001:2015 to maintain their accreditation in 2021.	ISO 14001:2015 certification was maintained for publishing sites.	Publishing to expand coverage of ISO 14001:2015 to include Dublin, Cardiff and Plymouth in 2022.
We will report the number of page views on campaigns related to sustainability and the environment as a measure of the impact of these campaigns.	Achieved One of our best read articles in 2021 was the analysis of how much of the UK would be under water in less than 10 years. Overall, different geographical versions of this story were read over two million times.	We will report the number of page views on campaigns related to sustainability and the environment as a measure of the impact of these campaigns.
Supply chain		
We aim to use 100% graphic paper (all newsprint and magazine paper grades) manufactured from fibre using recycled materials or wood from certified sustainable forests. We commit to achieving at least 95% recycled or certified fibres.	Achieved Achieved 97.5% graphic paper using recycled materials or wood from certified sustainable forests, and we continued to work with suppliers to maximise this.	We aim to use 100% graphic paper (all newsprint and magazine paper grades) manufactured from fibre using recycled materials or wood from certified sustainable forests. We commit to achieving at least 95% recycled materials or wood from certified sustainable forests.
Waste		
Continue to recycle 100% of all non-hazardous paper waste from print sites under our ownership.	Achieved	We will reduce our Volatile Organic Compound (VOC) emissions annually versus the previous year.
Maximum of 3% of hazardous waste generated at print sites under our ownership to go to landfill.	Achieved	Maximum of 3% of hazardous waste generated at print sites under our ownership to go to landfill.

Environment continued

Environmental performance data

Energy consumption and greenhouse gas (GHG) emissions Tonnes Carbon Dioxide equivalent (TCO₂e)

	Consumption			GHG emissions (TCO ₂ e)		
	2021	2020	2019	2021	2020	2019
SCOPE 1²						
Gas combustion – heating (kWh)	18,956,200	18,497,215	17,359,411	3,472	3,401	3,192
Oil combustion – electricity generation (kWh)	110,528	339,256	956,029	28	86	242
LPG consumption (kWh)	208,859	275,264	333,355	45	59	71
Commercial vehicles (km)	0	0	171,525	0	0	43
Refrigerant gas loss (kg)	138	257	263	283	431	608
Total SCOPE 1				3,828	3,977	4,156
Total SCOPE 1 per million pages printed				0.07	0.06	0.05
SCOPE 2³						
Grid electricity used – location-based (kWh)	39,275,077	44,780,842	51,206,683	8,339	10,440	13,088
Grid electricity used – market-based (kWh)	39,275,077	44,780,842	51,206,683	0	0	9,816
Total SCOPE 2 (market-based)				0	0	9,816
Total SCOPE 2 per million pages printed (market-based)				0	0	0.11
Total SCOPE 1 and SCOPE 2 (market-based)				3,828	3,977	13,972
Total UK SCOPE 1 and SCOPE 2 energy consumption (kWh)	58,550,664	63,892,578	70,021,039		n/a	
SCOPE 3⁴						
Transmission and distribution of grid electricity used (kWh)	39,275,077	44,780,842	51,206,683	738	898	1,111
Well-to-tank emissions for total UK Scope 1 and Scope 2 energy consumption	n/a	n/a	n/a	2,970	2,034	2,461
Business travel – road (km)	2,967,103	3,374,852	7,957,630	557	630	1,530
Business travel – rail (km)	751,672	920,209	3,109,746	26	36	128
Business travel – air (km)	1,394,584	1,615,963	3,926,445	202	288	664
Electricity for contracted printing – generation, transmission and distribution (kWh)	10,550,184	11,177,056	12,397,145	2,438	2,830	3,438
Gas for contracted printing (kWh)	6,645,864	3,969,480	5,958,840	1,217	730	1,096
Vehicle mileage for contracted distribution – long haul (km)	12,713,005	18,267,831	19,542,464	9,668	15,054	16,045
Total SCOPE 3				17,816	22,500	26,473

1. GHG emissions and energy consumption are calculated in line with Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 using the UK Government's Greenhouse gas reporting: conversion factors 2021. 2020 and 2019 GHG emissions used 2020 and 2019 conversion factors.

2. Scope 1 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent from emission sources that are under the operational control of Reach.

3. Scope 2 covers the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by Reach for its own use.

4. Scope 3 covers other indirect greenhouse gas emissions for which data is currently collected, i.e. where the emissions are from sources that are not owned by Reach and where Reach does not have operational control.

Waste

	2021	2020	2019
Total hazardous waste from print sites (tonnes)	1,229	1,379	1,576
Total hazardous waste from print sites to landfill (tonnes)	24	38	27
% hazardous waste from print sites to landfill	2.0%	2.8%	1.7%
Total weight of non-hazardous paper waste recycled (tonnes)	9,959	10,627	Not available
% non-hazardous paper waste from print sites under our ownership recycled	100%	100%	100%
% waste electrical and electronic equipment from publishing sites reused or recycled	100%	100%	100%
% aluminium printing plates recycled	100%	100%	100%

Volatile Organic Compounds

	2021	2020	2019
Emissions of Volatile Organic Compounds (VOCs) (tonnes)	6.12	10.47	17.42

Water consumption

	2021	2020	2019
Total water consumption at all print and major publishing sites (m ³)	31,180	35,458	44,985

Responsible business

As a responsible business, we adhere to a number of legal requirements and codes of conduct, and ensure that our people also have a full understanding of our commitments through rigorous training and checks.

Employee welfare

The Group supports equal opportunities and has policies in place that aim to safeguard the wellbeing and welfare of all colleagues.

A Code of Conduct Policy has been implemented across the Group which strictly prohibits discrimination in the workplace. Within the UK, discrimination against employees with protected characteristics, such as gender, race, disability, sexuality, religion or age, is illegal. We reduce potential exposure through communicating policies to all employees, promoting awareness during recruitment, training managers and making policies accessible to all.

We protect the human rights of our employees through ensuring all employees are issued with clear contracts of employment, that working hours as standard are set well within the working time directive maximum thresholds, and committing that no employee will be forced to opt out of working time regulations.

Our employees are paid for work undertaken and receive holidays and rest periods in line with regulations. We monitor employees' holiday usage to ensure they take statutory entitlements. Under our contracts, all our employees are paid above national minimum wage thresholds and no one is subject to forced labour. The Group does not have any zero-hour contracts.

The Group recognises its responsibilities in relation to privacy under employment regulations and data protection regulations. The Group monitors employees'

usage of emails, internet and phone systems, but minimises its exposure through its data protection and security policies and control systems. Employees are informed of the potential for monitoring within their contracts of employment.

The Group believes all employees and the public have a right to privacy, and aims to protect people against arbitrary, unreasonable or unlawful interference with their privacy, family, home or correspondence, as well as unlawful attacks on their honour and reputation.

Grievance and whistleblowing process

Our Disciplinary and Grievance processes ensure all employees have the right to be heard and a fair hearing. We also have an employee assistance programme in place through which employees can seek advice.

The Group has a whistleblowing charter in place, and provides a confidential, independent whistleblowing line where employees may report any concerns about the integrity of the business or breaches of the Group's policies without fear of criticism or future discrimination. This is available for all employees and is promoted on the Company intranet. The charter is periodically reviewed by the Audit & Risk Committee.

Anti-bribery and corruption in business

The Group is committed to complying with all anti-bribery and anti-corruption laws and to implementing effective systems to counter bribery and corruption. The Group has an embedded Anti-Bribery Policy, which

is applicable to all employees across the Group. All employees are required to complete an online e-learning module on anti-bribery and corruption, for which completion rates are monitored. We require all suppliers, contractors and business partners here and abroad to comply with relevant law.

Anti-slavery

The Group believes it has a minimal exposure to modern slavery. In accordance with the Modern Slavery Act 2015, the Group has an Anti-Slavery Policy (the Policy) in place that applies to all employees and persons who perform services for or on behalf of the Group. The Policy details our zero-tolerance approach to slavery, child labour, bribery and corruption. The Policy sets out the signs that indicate slavery, servitude, forced or compulsory labour and human trafficking applicable to adults and children, the responsibilities of employees to look out for indications of modern slavery, and how to report any suspicions.

Data protection

On 25 May 2018, the General Data Protection Regulation (GDPR) came into force in the EU and the Data Protection Act 2018 (DPA) came into force in the UK. The Group implemented policies, controls, procedures and training across the business to manage personal data in accordance with the provisions of the GDPR and the DPA, and these continue to be embedded through a programme of training and ongoing communication. In recognition of the increasingly data-centric strategic direction of the business, a Data Protection Officer was appointed in 2020,

and an enhanced support team established during 2021 to further drive compliance activity. The data protection programme and related initiatives have established the following:

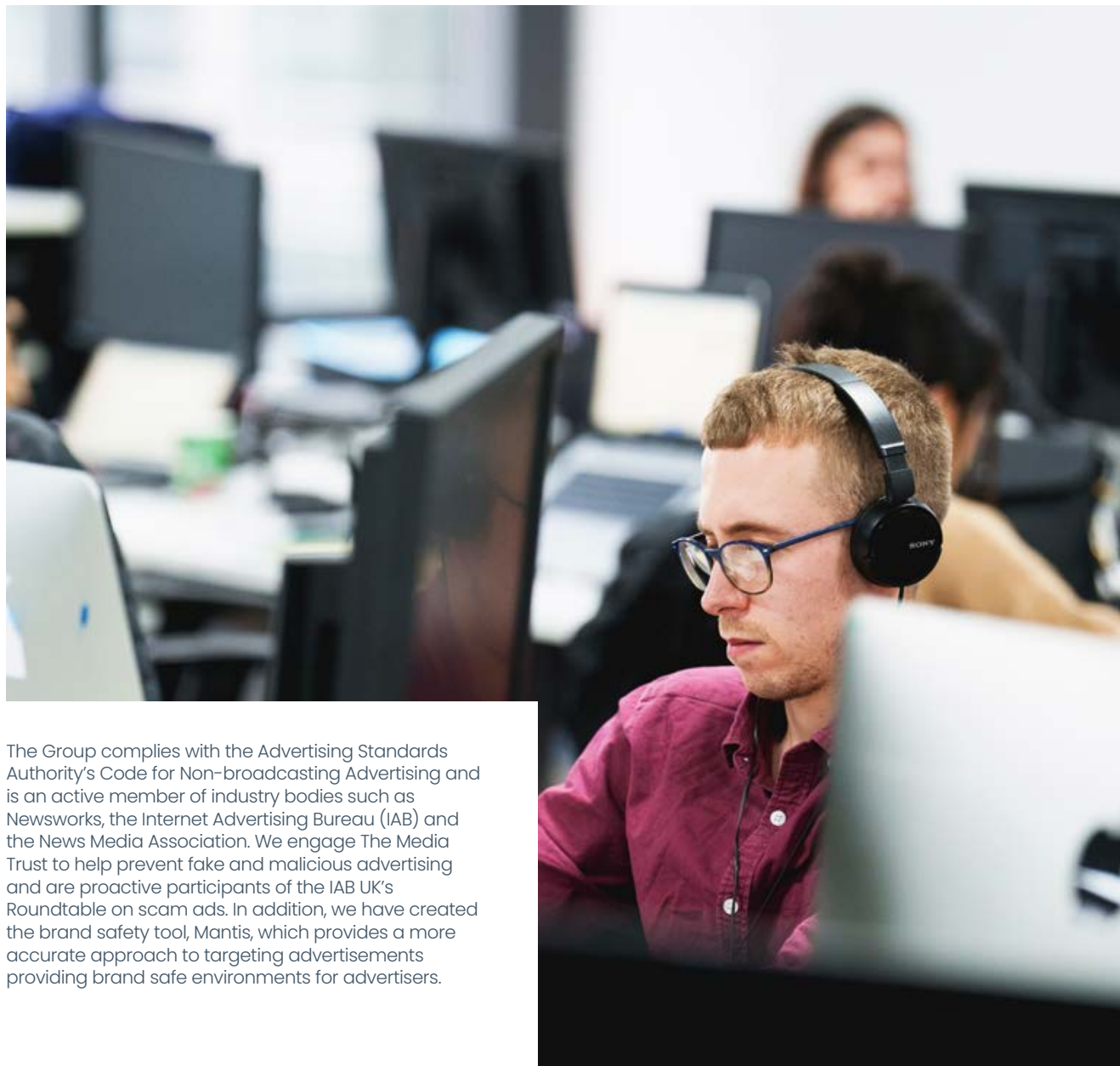
- A Data Protection Policy which is applied across all operational areas
- Data Subject Rights processes and records
- Key accountabilities within the business
- A thorough approach to contracting with third parties
- Enhancements of transparency arrangements
- Comprehensive personal data incident management procedures
- Mandatory data protection training

Editorial and media ethics

We are proud of the prominent role our publications play in the vibrant and energetic free press that underpins our democratic society. With the rights and privileges this brings, comes great responsibility, and we are committed to acting ethically and with integrity, and to upholding the highest standards of journalistic practice.

Along with the overwhelming majority of publishers in the UK, we remain committed to our membership of the Independent Press Standards Organisation (IPSO) which regulates our journalism and enforces the Editors' Code of Practice. Pursuant to our obligations, we submit an Annual Statement to IPSO, which is published on its website. The Statement sets out our record on editorial compliance during the previous year (including details of complaints upheld against us), our protocols for maintaining editorial standards, our complaints handling process and our training programmes for journalists.

The Group complies with the Advertising Standards Authority's Code for Non-broadcasting Advertising and is an active member of industry bodies such as Newsworks, the Internet Advertising Bureau (IAB) and the News Media Association. We engage The Media Trust to help prevent fake and malicious advertising and are proactive participants of the IAB UK's Roundtable on scam ads. In addition, we have created the brand safety tool, Mantis, which provides a more accurate approach to targeting advertisements providing brand safe environments for advertisers.



Responsible business continued

Health and safety report

2021 has been a positive year in terms of health and safety, especially with the challenges that COVID-19 has continued to bring.

Employees have been supported within their working environments, with appropriate COVID-19 controls in place to allow the safe return to hubs, providing equipment and guidance to home and remote workers. Robust COVID-19 risk assessments and control measures have been implemented at the print/manufacturing sites to minimise disruption.

A new Head of Health and Safety has been appointed and the Health and Safety team's roles and responsibilities redefined and aligned to best support the business, whilst maximising their areas of expertise and developing contingency.

The foundations have been established for a streamlined and efficient digitalised risk assessment system to support the editorial function, which will allow for a more efficient deployment of journalists.

There has been a positive health and safety presence at national events to ensure a seamless and safe customer experience with the implementation of robust events safety management, in line with Government COVID-19 requirements. Advice and due diligence checks are also in place at regional events.

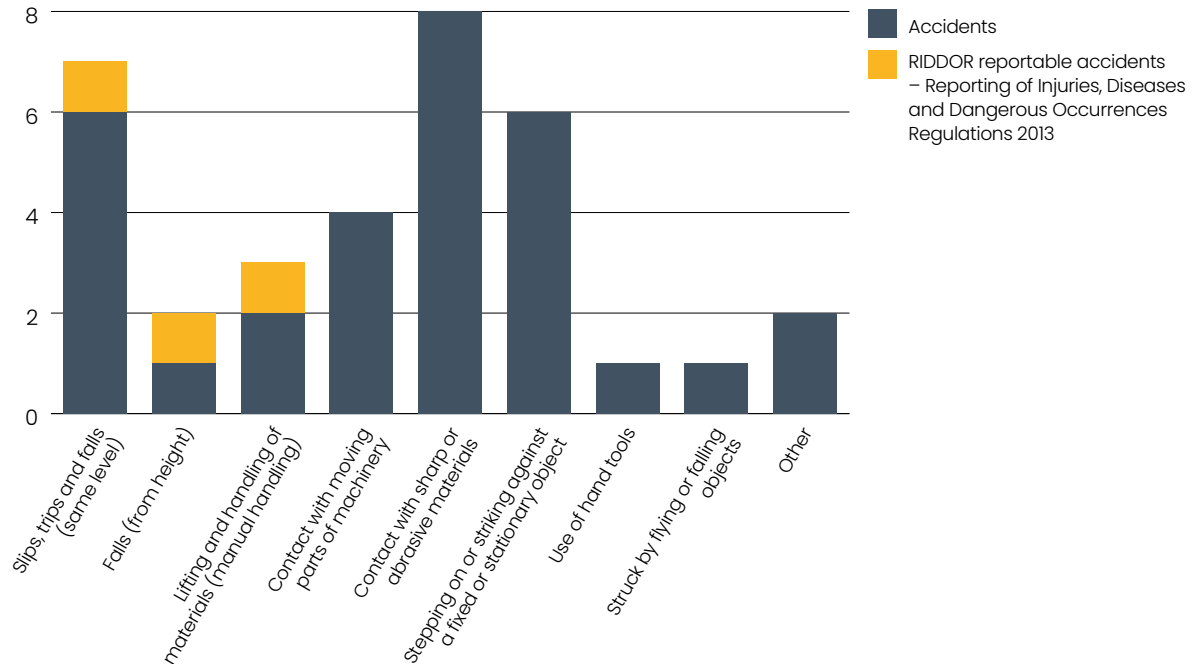
Effective interdepartmental collaboration has resulted in improvements to employee support. A streamlined referral system for employees is in place to assist with complex ergonomic conditions both at home and in our hubs. Solutions have been developed to support individuals with specific disabilities in line with the Reach Inclusion Strategy.

A new online Adverse Event Reporting system has been developed for accident and incident reporting. This provides a user-friendly accessible reporting platform and digital database to facilitate improved trend analysis.

Industry networking has been implemented to support benchmarking and sharing best practice.

Health and safety accident data

Accident types





For details around the potential impact that online threats and abuse may have on the wellbeing of our journalists and relevant support the business offers please refer to page 34.

Group health and safety statistics

There was an increase in the number of accidents reportable under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013). No trends were identified.

All RIDDOR incidents have been thoroughly investigated and action taken to resolve any issues identified.

The graph on page 48 provides statistics for health and safety accidents in 2021, and highlights RIDDOR reportable accidents.

Health and safety enforcement activity

No health and safety enforcement action was taken against the Group during 2021.

The events team has successfully worked with local authorities to gain sign-off for national events.

The Group is represented by the Head of Health and Safety at the Joint Advisory Committee for Entertainment, which is chaired by the Health and Safety Executive.

Future health and safety initiatives

Digitalisation platforms are being introduced to allow easy access, promote efficiency and enable due diligence.

An online risk assessment system is being implemented to improve accessibility and share best practice while managing risk.

Display screen equipment training and risk assessment is being implemented to support all employees and will form part of the HR Compliance project. Employees will be able to assess their workstations in both home and hub environments. Specialist physio support will be available through this system.

The Health and Safety strategy and management system is being reviewed to ensure stakeholder engagement at all levels, with proactive participation and clear roles and responsibilities. Key measures will be established to ensure continual improvement.

A clear communication strategy will be introduced to ensure easy access to advice and guidance. This will include a review of existing platforms, improved access to professional competent support from the Health and Safety team and an effective Health and Safety Committee structure.

Members of senior management will be attending Hostile Environment and First-aid Training (HEFAT) to demonstrate leadership and develop an understanding of the Group's highest risk activities.

The Health and Safety team will continue to lead on COVID-19 advice in line with Government requirements and Public Health and industry best practice.

Non-financial information statement

To consolidate our reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of non-financial reporting, the table below summarises our policies and indicates where additional information can be found.

Focus area	Policies and guidelines	Enabling	Further reading
Environmental	Environmental Policy	Specific commitments in relation to the main areas where the Company has the potential to cause environmental impacts.	Pages 41 to 45
Employees	Dealing and Disclosure Policy	Compliance by employees with insider and share dealing regulations.	
	Inside Information Policy	Clear and documented procedures for handling and disclosing inside information.	
	Dealing Code for Directors and PDMRs	Compliance by directors and Persons Discharging Managerial Responsibilities (PDMRs) with insider dealing regulations.	
	Code of Conduct Policy	Understanding the professional conduct the Group expects everyone to abide by, to create a culture that all employees are proud to be a part of.	Page 46
	Diversity & Inclusion Policy	Understanding the Group's approach to Diversity and Inclusion, the role all our people play in fostering an inclusive culture, why it matters and where to find help.	Pages 38 and 39
	Health & Safety Policy Statement	Understanding the Group's commitment to the health and safety of its employees and others affected by its business activities.	Pages 48 and 49
	Disclosure Policy	Awareness of how to make a disclosure of suspected wrongdoing.	Page 46
	Group Procurement Policy	Understanding the Group's policy and procedures for the procurement of goods and services.	
Human rights	Anti-Slavery Policy	Compliance with modern slavery regulations under the Modern Slavery Act 2015.	Page 46
	Data Protection Policy	Compliance with the UK General Data Protection Regulations (UK GDPR) and the UK Data Protection Act 2018.	Pages 46 and 47
Anti-Bribery and anti-corruption	Anti-Bribery Policy	Compliance with applicable anti-bribery and anti-corruption laws.	Page 46
	Anti-Fraud Policy	Clear and documented procedures on reporting suspected fraud and how the Group will respond to a fraud concern.	
	Standards of Business Conduct	Maintaining high standards of integrity and personal conduct.	
Non-financial key performance indicators		Understanding the key metrics in measuring the Group's non-financial performance.	Page 30
Management of principal risks and uncertainties		Understanding the key risks that the Group faces.	Pages 58 to 64
Business model		Understanding how value is created for stakeholders.	Pages 16 and 17

2021 SASB Index

The Sustainability Accounting Standards Board (SASB) is an Environmental, Social and Governance (ESG) voluntary guidance framework that sets standards for the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the standards identify the subset of ESG issues most relevant to financial performance in each industry. Below we report against metrics from the Media & Entertainment standard.

Percentage of gender and racial/ethnic group representation for (1) management; (2) professionals; and (3) all other employees	The percentage of gender representation for management, professionals and all other employees can be found on page 85 of the Governance Report. The percentage of racial/ethnic group is not reported for 2021. We have recently collected data as part of our Be Counted campaign (see page 38) and will continue to monitor and analyse this information to better understand the make-up of our teams throughout 2022.
Description of policies and procedures to ensuring pluralism in news media content	All our newsbrands operate with editorial independence and reflect a broad spectrum of opinion that is designed to appeal to their community of readers and not to reflect any Group influenced ideological position. The Group recognises that the media sector has a responsibility to more accurately reflect the diverse communities within the UK and has embarked on a number of Diversity and Inclusion activities to address this (see pages 38 and 39). Actions include the formation of an Editorial Inclusion Board where colleagues are able to discuss both positive and negative examples of media coverage and share learnings for the future.
Total amount of monetary losses as a result of legal proceedings associated with libel or slander	Reach does not disclose this information.
Revenue from embedded advertising	We have no revenues from embedded advertising.
Description of approach for ensuring journalistic integrity of news programming related to: (1) truthfulness, accuracy, objectivity, fairness, and accountability; (2) independence of content and/or transparency of potential bias; and (3) protection of privacy and limitation of harm	The maintenance of high editorial standards is at the core of Reach's business. While protecting the fundamental enshrined right of Freedom of Expression and, in particular, the right "to be partisan, to challenge, shock, be satirical and to entertain"*; Reach expects its staff to use their best endeavours to verify the stories that are put forward for publication. All editorial staff are contractually bound to adhere to the Editors' Code of Practice (the Code) as administered by the Independent Press Standards Organisation (IPSO) by the terms of their employment. Furthermore, all agencies and freelancers, who supply us with editorial material are required to comply with the Code. Reach is contractually obliged to provide an annual report to IPSO on its compliance with the Code and its journalistic standards and integrity. * The Code https://www.ipso.co.uk/editors-code-of-practice/
Description of approach to ensuring intellectual property (IP) protection	The Group protects its large portfolio of registered trade marks monitoring applications seeking to avoid brand dilution. Our in-house commercial licensing operation robustly manages the use of our content to ensure properly authorised use of it by third parties and works with a number of partners in certain territories to protect our intellectual property rights. We make use of a variety of resources, services and technology to protect, detect and prevent unauthorised use and infringement of our intellectual property, including the unauthorised use and copying of content from our digital properties. Nevertheless, despite our continued efforts and ongoing investment in the protection and monitoring of our intellectual property, including enforcement action as is necessary or appropriate, the threat to our content and innovation remains and is something we will continue to monitor and to which we will adapt our response and strategies accordingly. Reach is a certified Gold Standard member of the Internet Advertising Bureau (IAB) and participates in its efforts to uphold brand safety and fight piracy.
Total recipients of media and the number of: (1) households reached by broadcast TV; (2) subscribers to cable networks; and (3) circulation for magazines and newspapers	The total recipients of media was 41.8 million unique digital visitors/viewers (average for 2021). Reach does not have broadcast TV channels or subscribers to cable networks. The circulation for magazines and newspapers in 2021 was 403,321,765 sales across all of our titles.
Total number of media productions and publications produced	135 brands (including websites and print products); 35 books (across Mirror Books and Reach Sport); 119 podcasts.

Financial review

INVESTING to grow Reach



Simon Fuller
CFO

Our financial results this year reflect a strong recovery against a year significantly impacted by COVID-19, while also demonstrating the benefits of strategic delivery. The Group has delivered like-for-like growth in revenue for the first time since 2007, with growth of digital revenue (which was 24% of Group revenue in 2021) more than offsetting the decline in print and other revenues.

From a profit perspective, our results show a recovery in adjusted operating profit, with top-line growth and cost savings from last year's transformation programme supporting investment in the Customer Value Strategy. Our statutory performance was impacted by adjusting items and the impact of the future change in the corporation tax rate.

Our business remains cash generative, delivering £141.3m of adjusted operating cash flow during the year, with cash balances growing to £65.7m and no bank debt. The Group has continued to maintain a strong balance sheet with liquidity enhanced by the recent expansion of our revolving credit facility which has been increased from £65.0m to £120.0m, supporting resilience and investment optionality.

REVENUE

£615.8m

2.6% increase
on 2020

Summary income statement

	Adjusted 2021 £m	Adjusted 2020 £m	Statutory 2021 £m	Statutory 2020 £m
Revenue	615.8	600.2	615.8	600.2
Costs	(472.9)	(469.0)	(538.1)	(594.0)
Associates	3.2	2.6	1.6	1.4
Operating profit	146.1	133.8	79.3	7.6
Finance costs	(2.6)	(2.5)	(6.0)	(7.2)
Profit before tax	143.5	131.3	73.3	0.4
Tax charge	(26.9)	(24.9)	(70.4)	(27.1)
Profit/(loss) after tax	116.6	106.4	2.9	(26.7)
Earnings/(loss) per share – basic (p)	37.6	34.4	0.9	(8.6)



Our results this year reflect a strong post pandemic recovery and also demonstrate a strengthening financial performance from delivery against our strategic objectives. Continued investment supports our transition to an increased mix of higher-quality digital earnings.

Revenue

Revenue is presented on an actual and like-for-like basis which excludes the impact of the Irish Daily Star acquisition from 2021 and 2020 and the impact of portfolio changes from 2020, both of which affect print comparisons only. Further details on the reconciliation between the actual and like-for-like revenue are set out in note 38.

	Actual 2021 £m	Actual 2020 £m	Like-for-like 2021 £m	Like-for-like 2020 £m
Print	465.1	479.3	454.5	476.8
Circulation	312.9	319.7	304.2	318.9
Advertising	103.3	108.4	101.5	106.7
Printing	20.4	25.2	20.4	25.2
Other	28.5	26.0	28.4	26.0
Digital	148.3	118.3	148.3	118.3
Other	2.4	2.6	2.4	2.6
Total revenue	615.8	600.2	605.2	597.7

Revenue increased by £15.6m or 2.6% on an actual basis and by £7.5m or 1.3% on a like-for-like basis. Like-for-like adjustments relate to a £9.6m full year benefit from the Irish Daily Star (£10.6m in 2021 less £1.0m in 2020) partially offset by the impact of £1.5m from other portfolio changes (nil in 2021 less £1.5m in 2020) both of which impact print not digital.

On a like-for-like basis print revenue fell by £22.3m or 4.7%, digital revenue grew by £30.0m or 25.4% and other revenue fell by £0.2m or 7.7%. The growth in digital exceeded the fall in print and other revenues on both an actual and like-for-like basis.

HIGHLIGHTS

-4.7%

Moderated decline in print revenue, down 4.7% versus 2020

+25.4%

Digital revenue increased by 25.4% versus 2020

Revenue was significantly impacted by COVID-19 during 2020, particularly during Q2 and Q3 (down 27.5% and 14.8% respectively), before beginning to ease towards the end of the year. Consequently, year-on-year revenue comparisons reflect both the progress made during 2021 and the relatively soft comparatives of 2020. For this reason and to provide additional insight into our performance, we show revenue movements on a two-year like-for-like basis in the table below:

	YOY H1 %	YOY H2 %	YOY FY %	2yr H1 %	2yr H2 %	2yr FY %
Like-for-like						
Digital	42.7	13.3	25.4	41.4	36.3	38.6
Print	(5.2)	(4.1)	(4.7)	(23.9)	(20.5)	(22.2)
Circulation	(5.1)	(4.0)	(4.6)	(16.0)	(15.7)	(15.9)
Advertising	(4.3)	(5.3)	(4.9)	(33.7)	(26.8)	(30.3)
Total revenue	2.6	Flat	1.3	(14.9)	(11.0)	(13.0)

YOY compares 2021 with 2020 and 2yr movement compares 2021 with 2019

Print declined by £22.3m or 4.7% on a like-for-like basis (2020: -18.9%), a stronger performance than we had originally anticipated. The two-year decline was 22.2% with recent performance more reflective of expected trends going forward.

Circulation revenue was down 4.6% on a like-for-like basis (2020: -11.6%), with second-half volume declines easing, following the lows brought about by COVID-19 related lockdowns. Circulation volumes (excluding the impact of sampling) for our national daily titles fell by 10.1%, with national Sunday titles down 12.6%. Volume declines for our regional titles were 12.5% for paid-for dailies, 18.5% for paid-for weeklies and 13.3% for paid-for Sundays. The circulation volume trend is impacted by cover price differentials and reflects our strategy to increase cover prices annually to protect revenue performance.

Advertising revenue was down 4.9% on a like-for-like basis (2020: -28.9%), a much improved performance. Nationally sourced advertising continues to outperform locally sourced activity. At a national level, while certain sectors, such as leisure and travel remained subdued throughout much of the year, others, such as food, retail and entertainment, have remained buoyant. We've also benefitted from additional Government spend generated by public health messaging. The impact of the pandemic on locally sourced advertising has been more prolonged, with many smaller businesses not advertising at all, combined with much reduced classified activity.

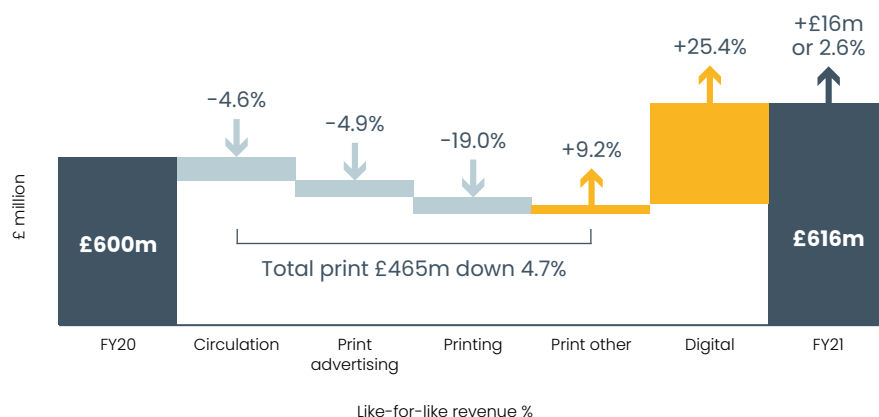
Financial review continued

Print revenue also includes external printing revenues and other print-related revenues. Printing revenue decreased 19.0% on a like-for-like basis (2020: -34.5%) due to a further reduction in contract print volumes and the closure of two of our six print plants at the end of 2020. Other print revenue increased by 9.2% on a like-for-like basis (2020: -32.6%), with event-driven enterprise revenues and sports contract printing returning in the second half of the year.

Digital revenue increased by £30.0m or 25.4% (up 38.6% on a two-year basis) reflecting both a recovery in the digital advertising market and our Customer Value Strategy, which focuses on growing reader consumption of our content (or page views) and delivering more targeted or relevant advertising to our customers.

Digital is an increasing part of the business and was 24% of Group revenue in 2021 (2019: 15%), with growth supported by strong strategic delivery, in particular relating to our new data-led advertising product portfolio, PLUS+, demand for which has helped grow our digital yield. Worldwide page views declined by 2.8%, though 2020 benefitted from significant one-off digital traffic, driven by COVID-19 related stories, which did not contribute significantly to revenue. On a two-year basis page views were up 29%.

Revenue bridge



Costs

Adjusted costs of £472.9m (2020: £469.0m) increased by £3.9m or 0.8%. Statutory costs decreased by £55.9m or 9.4% primarily due to lower operating adjusted items which were £59.8m lower (£65.2m compared to £125.0m in 2020).

	Adjusted 2021 £m	Adjusted 2020 £m	Statutory 2021 £m	Statutory 2020 £m
Labour	(232.1)	(217.2)	(232.1)	(217.2)
Newsprint	(52.9)	(45.8)	(52.9)	(45.8)
Depreciation	(19.3)	(27.4)	(19.3)	(27.4)
Other	(168.6)	(178.6)	(233.8)	(303.6)
Total costs	(472.9)	(469.0)	(538.1)	(594.0)

Labour costs of £232.1m were 6.9% higher year-on-year driven by three key elements; (i) the reversal of actions taken in 2020, which included the temporary salary reduction (repaid in 2021), bonus suspension and furlough, (ii) investment in the Customer Value Strategy, particularly in editorial with around 400 more journalists hired during the year and in data and technology, and (iii) the benefit of cost savings related to last year's transformation programme and print site closures and this year's Home and Hub project.

The higher cost of newsprint during the year reflects both a reduction in industry production capacity and a strong recovery in demand compared to the previous year, when demand was suppressed by COVID-19. Growing demand for packaging materials, reduced availability of recycled fibre and increasing costs of shipping and energy contributed to a significant increase in newsprint prices versus 2020.

Depreciation and other costs include the benefit of the cost-saving initiatives in 2020 and 2021.

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

	Statutory 2021 £m	Statutory 2020 £m
Provision for historical legal issues	(29.0)	(12.5)
Transformation programme	-	(16.5)
Closure of two print plants	(0.7)	(65.3)
Home and Hub project	(23.7)	-
Other	(11.8)	(30.7)
Operating adjusted items in statutory costs	(65.2)	(125.0)

The provision for historical legal issues relating to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering has increased by £29.0m (2020: £12.5m).

The Group announced in July 2020 a transformation programme to reshape the Group into a streamlined, more efficient organisation across editorial, advertising and central operations which was implemented in the year. In September 2020 a review of print capacity requirements concluded with the closure of two print plants at the end of the year. The transformation programme resulted in a restructuring charge of £16.5m and the closure of the two print plants resulted in total charges of £65.3m comprising a restructuring charge of £16.9m, an impairment to property, plant and equipment of £34.7m and an impairment to right-of-use assets of £13.7m. In 2021 additional restructuring costs of £1.4m have been charged less the profit on sale of impaired assets of £0.7m.

The Group announced a Home and Hub project in March 2021 which set out the vision for how the Group's offices would look and where job roles would be based. As a consequence of the project a number of offices or floors have been closed. The project has resulted in charges of £23.7m (impairments of £2.3m relating to property, plant and equipment and £10.5m relating to right-of-use assets and a £10.9m property rationalisation charge relating to onerous costs of vacant properties).

In 2021, other operating adjusted items comprises pension administrative expenses (£3.7m), restructuring charges relating to the integration costs of the Irish Daily Star which was acquired in 2020 (£1.4m), adviser costs in relation to the triennial funding valuations (£1.2m), National Insurance costs relating to share awards (£2.6m) and the write-off of an old debit balance (£2.9m). In 2020, other operating adjusted items comprised pension administrative expenses (£4.6m), GMP equalisation charge (£1.5m), restructuring charge for other cost-saving initiatives (£3.0m), a goodwill impairment charge (£6.1m) and a charge relating to a historic property development (£15.5m).

Profit

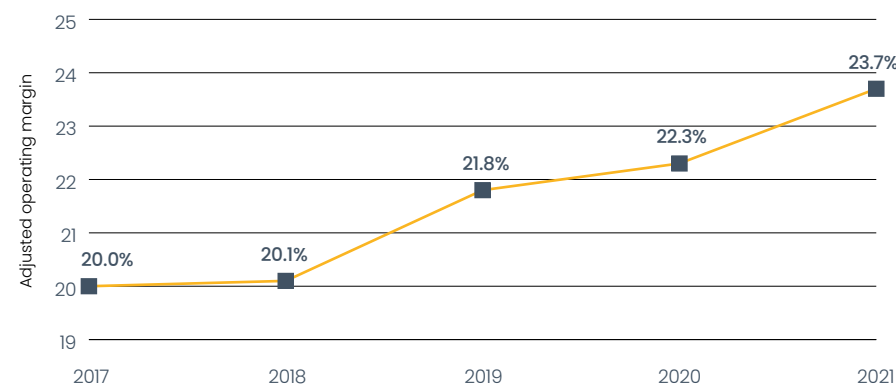
Adjusted operating profit of £146.1m was up 9.2% or £12.3m. Adjusted operating profit increased due to the benefit of higher revenues and cost savings more than offsetting the reversal of actions taken in 2020, inflationary increases and investment in the Customer Value Strategy. The adjusted operating profit margin of 23.7% was up 140bps.

Cost include £46m of year on year savings relating to the transformation actions in 2020 and 2021. These comprised the full year benefit from the July 2020 reshaping of the Group, the delivery of the targeted savings from the print site closures at the end of December 2020 and the in year benefit from the Home and Hub project.

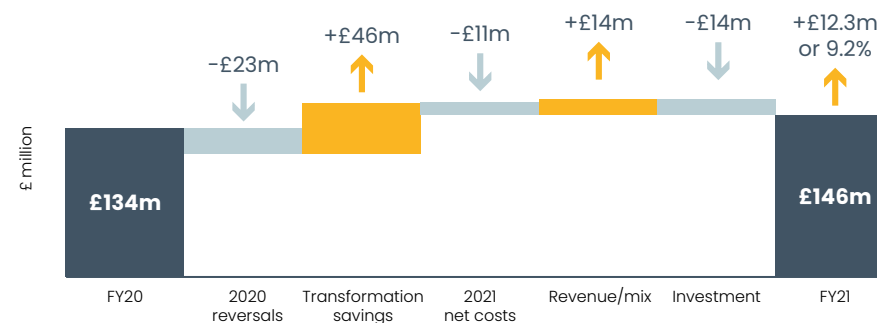
The reversal of the actions taken in 2020 include no furlough being taken in 2021, the repayment of the employee salary reduction and the resumption of bonuses.

Statutory operating profit was £79.3m (2020: £7.6m), significantly higher year-on-year due to the increase in adjusted profit and reduction in the level of adjusted cost items.

Adjusted operating margin



Adjusted operating profit bridge



Financial review continued

Earnings per share

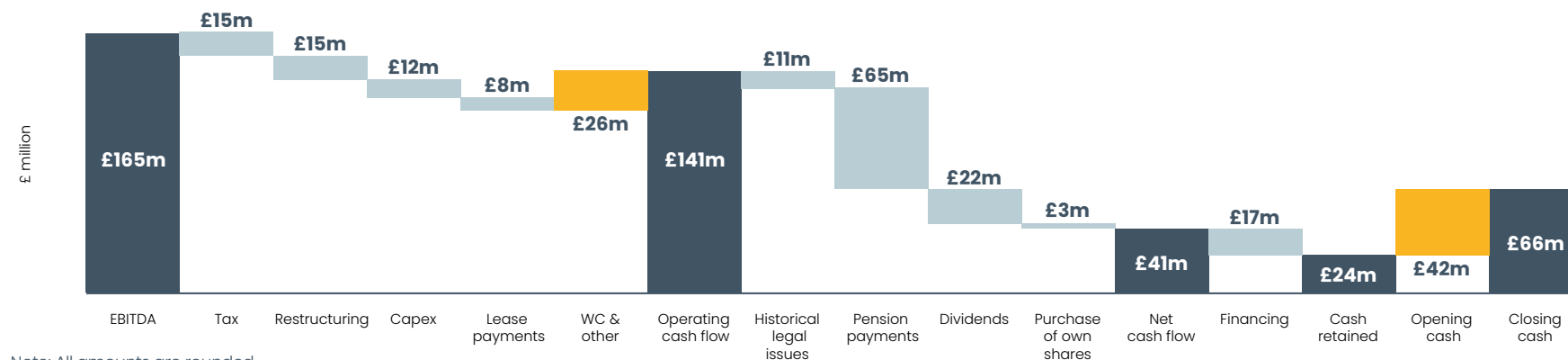
Adjusted earnings per share increased by 3.2p or 9.3% with lower adjusted finance costs and an adjusted tax rate broadly in line with the corporation tax rate of 19%. Statutory earnings per share of 0.9p was impacted by operating adjusted items of £66.8m and a £53.9m deferred tax charge arising from the multi-year impact of the planned future increase in the UK's corporation tax rate (2020: loss per share of 8.6p).

Reconciliation of statutory to adjusted results

	Statutory results £m	Operating adjusted items £m	Pension finance charge £m	Tax £m	Adjusted results £m
Revenue	615.8	-	-	-	615.8
Operating profit	79.3	66.8	-	-	146.1
Profit before tax	73.3	66.8	3.4	-	143.5
Profit after tax	2.9	57.0	2.8	53.9	116.6
Basic earnings per share (p)	0.9	18.4	0.9	17.4	37.6

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

Adjusted cash flow



Items are adjusted on the basis that they distort the underlying performance of the business where they relate to material items that can recur (including impairment, restructuring, tax rate changes) or relate to historic liabilities (including historical legal and contractual issues, defined benefit pension schemes which are all closed to future accrual). Other items may be included in adjusted items if they are not expected to recur in future years, such as the property rationalisation in the current year and items such as transaction and restructuring costs incurred on acquisitions or the profit or loss on the sale of subsidiaries, associates or freehold buildings. Management excludes these from the results that it uses to manage the business and on which bonuses are based to reflect the underlying performance of the business and believes that the adjusted results, presented alongside the statutory results, provide users with additional useful information. Further details on the items excluded from the adjusted results are set out in note 35.

Balance sheet and cash flows

Historical legal issues provision

The historical legal issues provision relates to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering. Payments of £11.0m have been made during the year and the provision has been increased by £29.0m. At the year end a provision of £41.0m remains outstanding and this represents the current best estimate of the amount required to resolve this historical matter. Further details relating to the nature of the liability, the calculation basis and the expected timing of payments are set out in note 26.

Decrease in accounting pension deficit

The IAS 19 pension deficit (net of deferred tax) in respect of the Group's six defined benefit pension schemes decreased by £138.3m from £255.5m to £117.2m. The decrease was driven by an increase in the discount rate, asset returns and as a result of Group contributions. Changes in the accounting pension deficit do not have an immediate impact on the agreed funding commitments.

The triennial valuation for funding of the defined benefit pension schemes as at 31 December 2019 would usually have been completed by 31 March 2021. We have agreed the funding for three of the schemes, and the discussions with the remaining three schemes are ongoing, having been delayed by COVID-19 and more recently differences between the Group and the Trustees as to possible de-risking and the required pace of funding. We continue to be in active discussions with both the Trustees and the Pensions Regulator.

Group contributions in respect of the defined benefit pension schemes in the year were £64.7m (2020: £53.9m). This comprised £9.6m to the West Ferry scheme (in relation to closure of the Luton print site in 2021) and £55.1m under the current schedule of contributions of the remaining five schemes. The payment of £9.6m enabled the Trustees of the West Ferry scheme to purchase a bulk annuity and the scheme now has all pension liabilities covered by annuity policies. Contributions in 2022 are expected to be £55.1m under the current schedule of contributions for the remaining five schemes.

Deferred consideration

Deferred consideration is in respect of the acquisition of Express & Star. Payment of the second instalment of £16.0m was made on 28 February 2021. Of the remaining amount of £24.1m, £17.1m is classified as current liabilities (payable on 28 February 2022) and £7.0m is classified as non-current liabilities (payable on 28 February 2023).

Employee Benefit Trust

The Group funded the Trustees of the Employee Benefit Trust in the second half to enable the Trustees to purchase 883,315 shares at a total cost of £3.3m (average cost 374p per share). The shares are held by the Trustees and will be used to satisfy awards granted under the Company's employee share plans that are expected to vest in future years.

Cash balances

Cash increased by £23.7m from £42.0m at the prior year end to a cash position of £65.7m at the year end. The Group entered into a new £120m revolving credit facility in November 2021 which replaced the existing £65m facility. The new facility expires in November 2025 and is undrawn.

Cash generated from operations on a statutory basis was £163.7m (2020: £121.3m). The Group presents an adjusted cash flow which reconciles the adjusted operating profit to the net change in cash and cash equivalents, which is set out in note 36. A reconciliation between the statutory and the adjusted cash flow is set out in note 37. The adjusted operating cash flow was £141.3m (2020: £121.8m).

HIGHLIGHTS

£65.7m

Cash increased by £23.7m from £42.0m in 2020

Dividends

The Board proposes a final dividend of 4.46 pence per share for 2021 (2020: 4.26 pence per share). The final dividend, which is subject to approval by shareholders at the Annual General Meeting on 5 May 2022, will be paid on 10 June 2022 to shareholders on the register at 13 May 2022.

An interim dividend for 2021 of 2.75 pence per share was paid on 24 September 2021 (2020: non-cash bonus issue of shares to shareholders, in lieu of and with a value equivalent to an interim dividend for 2020 of 2.63 pence per share).

The Board recognises the importance of growing dividends for shareholders while also investing to grow the business and meeting our funding commitments to the defined benefit pension schemes. The Board expects to continue to adopt a policy of paying dividends which are aligned to the free cash generation of the Group. Free cash generation for this purpose is the net cash flow generated by the Group before the repayment of debt, dividend payments, other capital returns to shareholders and additional contributions made to the defined benefit pension schemes because of any substantial increase in dividends and/or capital returns to shareholders.

Outlook and current trading

The Customer Value Strategy is progressing and enabling an evolution of the business, with digital revenue on track to double by the end of 2024 from its 2020 base. Trading to date has been ahead of Q4 2021, with print revenue down 4.2%, digital growing by 10.3% and overall Group revenue down 0.7% for the first 8 weeks of the year. We expect digital revenue growth to again offset print decline, with total revenue flat for the full year 2022.

The business is transitioning to become more digitally driven and the ongoing cost base reshaping will in part help fund continued investment. However, the impact from inflation, which began to affect the business towards the end of 2021, has now intensified, particularly in print production. This has primarily been reflected in the cost of newsprint (paper for printed products), which having previously been impacted by rising distribution costs and supply challenges, now also reflects the significant increase in energy prices. As a result, the gross impact of inflation in 2022 is expected to be higher than in recent years.

While ongoing efficiencies are expected to partly mitigate this impact, we are also committed to maintaining growth momentum through continued investment. The net impact of these factors is expected to be a moderate year on year reduction in operating profit.

Simon Fuller
Chief Financial Officer

1 March 2022

Risk management

Risk management framework

The Group recognises the importance of the effective understanding and management of risk in enabling us to identify factors, both externally and internally, that may materially affect our ability to achieve our strategic and operational objectives. This is especially important given the ever-evolving levels of complexity attached to our business and wider economic uncertainty.

The ability to quickly identify, understand and respond to emerging risks is vital in enabling our business to continue to operate successfully. Our risk management framework enables us to do this on a continual basis through a process of identification, evaluation and management of the principal risks faced by the Group, including emerging risks. Emerging risks are identified by the business on an ongoing basis, for example, by keeping up to date with external developments, and are escalated as needed through established risk management reporting processes. Appropriate and proportionate mitigating actions are taken to minimise the impact of the risks and uncertainties which are identified as part of the risk process.

The primary objective of our risk management framework is to help support the achievement of our strategic and operational objectives and ensure appropriate accountability is in place. Executive Committee ownership is attached to each of our principal risks and well-established processes are in place to allow the Board to review these risks and the management of them. The management of risk is carried out through an established set of governance structures, policies and frameworks which are monitored and reviewed on an ongoing basis.

Our risk appetite has been defined and agreed by the Board and helps frame decision-making in determining how best to manage each of our principal risks. Our summary risk appetite in relation to strategic, operational and regulatory risk is outlined below:

- **Strategic** – Reach has the appetite for taking well-balanced risks deemed necessary to develop the business where they are in line with our strategy and do not knowingly compromise our existing brands, reputation or the financial stability of the Group. We recognise the industry-wide trends around print revenue declines and are committed to addressing them through delivery of our strategy. We seek to ensure the successful delivery of the strategy through robust ongoing monitoring systems and processes.
- **Operational** – Reach has a low appetite for taking risks that may lead to significant disruption of our operations. We carefully evaluate the level of operational risk we are prepared to take. We seek to minimise the risks from unforeseen operational failures in both our business and our service providers, and have suitable mechanisms in place to identify issues and take necessary actions to minimise losses.
- **Regulatory** – Reach has little or no appetite for risk that may constitute a breach of regulations. Should mistakes occur which could potentially constitute a breach, we aim to take necessary measures promptly to remediate and prevent a recurrence. While we always strive to work within regulatory boundaries, we will challenge the appropriate bodies where we feel regulations are strategically limiting.

Roles and responsibilities

The key roles and responsibilities in risk management are set out below:



Key

Direction and Oversight
 Reporting
 Advice

Risks and uncertainties

Principal risks

The Group recognises the importance of the effective understanding and management of risk in enabling us to identify factors, both externally and internally, that may materially affect our ability to achieve our goals. There is an ongoing process for the identification, evaluation and management of the principal risks faced by the Group, including emerging risks, the primary one for the period ahead being identified as 'Climate change' risk.

Appropriate mitigating actions are in place to minimise the impact of the risks and uncertainties which are identified as part of the risk process. All risks are considered in the context of our strategic objectives, the changing regulatory and compliance landscape and enabling the continuity of our operations. 2021 has been an economically uncertain period against the backdrop of the ongoing COVID-19 pandemic, inflationary concerns and supply chain challenges. The Board has undertaken a robust risk assessment and the principal risks deemed to be facing the Group at this time are shown below, including a description of each risk, the current positioning and key mitigating actions.

How the Group manages risks in relation to corporate responsibility is set out in the Responsible business section on pages 46 to 49. More specific detail on environmental risks are set out on pages 41 to 45. In accordance with the 2018 UK Corporate Governance Code (and Listing Rules), the Board has prepared statements on the Group's going concern and viability. The viability statement can be found on page 65 and the going concern statement on page 132 of the notes to the consolidated financial statements.

Risk	Description	Mitigation	Update
Macro-economic deterioration    	Macro-economic factors may have a negative impact on several areas of our business which may restrict our ability to protect profit levels. This risk encompasses the economic impact of the COVID-19 pandemic and follow-on effects.	The global COVID-19 pandemic persists, and we will continue to monitor the impact and take necessary mitigating actions as we have previously done. We do have a strong record of responding quickly and delivering additional cost savings as necessary when faced with unexpected revenue declines.	There remains the ongoing monitoring and assessment of macro-economic factors which may affect the risk exposure of our business.
Print revenue decline acceleration    	Structural changes in the traditional publishing industry have led to ongoing decline in print advertising and circulation revenues. Macro-economic factors contribute to a larger than expected decline. A lack of appropriate strategic focus results in accelerated revenue loss for existing products.	Strategic development led by an experienced Board and Executive Committee. Investment Committee in place to approve business plans when reviewed against strategic goals. Focus on developing digital revenue streams through the Customer Value Strategy. Continued tactical measures to minimise print revenue declines and maintain profits, such as by taking appropriate cash mitigation or pricing measures.	Renewed strategic focus offset by continued revenue challenges. This risk has been amplified by the COVID-19 pandemic resulting in the acceleration of plans and the Group-wide transformation project. The key strategic focus for the Executive Committee remains on unlocking customer value which is seen as integral to the future success of the Company and moving to overall revenue stability and then growth.
Insufficient digital revenue growth    	A failure to grow digital revenues quickly enough to offset print declines.	Governance structures which enable the ongoing review of performance against targets and strategic goals, including a weekly structured trading meeting. Acquisition, joint venture and other corporate development opportunities, which are aligned to our Customer Value Strategy, remain under consideration.	

Key



Increase



No change



Decrease



Delivering the stories that matter



Growing through audience engagement



Developing a data-led proposition



Building a culture where people thrive

Risk	Description	Mitigation	Update
Cyber security breach 	A cyber security incident which leads to a serious data breach or the loss of systems/data and reputational damage.	All business-critical systems are well established and are supported by appropriate disaster recovery plans. Regular reviews assess our vulnerability and our ability to re-establish operations in the event of a failure. The technical infrastructure supporting the websites is within the cloud and the sites have been designed effectively, providing adequate resilience and continued performance in the event of a significant failure. Continued investment to be made to enhance cyber security infrastructure as necessary.	Continued recognition of the need for cyber security investment against an ever-changing – and currently heightened – external threat landscape. Our Customer Value Strategy, with an increased focus on customer data, increases the impact of a cyber security breach. Information security in a remote working environment provides new challenges which are being addressed.
Data protection failure 	A contravention of the General Data Protection Regulation (GDPR) leads to monetary penalties, reputational damage and a loss of customer trust.	Data protection governance structures have been established to direct and oversee the data protection strategy. A Senior Data Protection team and a Data Governance team are in place to improve Group-wide oversight of how customer data is utilised. A Data Protection Officer and Data Protection team are in place to promote and advise on data protection compliance, provide oversight and help mitigate the risk of compliance breaches. Data protection policies and processes have been implemented to govern how colleagues carry out day-to-day activities involving the handling of personal data and compulsory awareness training has been implemented for all colleagues. Steps have been established to ensure the organisation adopts a 'data protection by design and default' approach when developing new products and services that involve the collection and use of personal data, to ensure output deliverables are legally compliant.	The ongoing focus and challenge remains on embedding data protection controls and processes, and ensuring that data protection forms part of 'business as usual' thinking. As with the cyber security risk, the impact of a data protection failure is amplified by our strategic focus on customer data.

Risks and uncertainties continued

Risk	Description	Mitigation	Update
Supply chain failure	Our print products, which rely on a small number of key suppliers (for example, newsprint suppliers, wholesalers and distributors), are adversely affected, operationally and financially, by changes to supplier dynamics. A major failure, breach or prolonged performance issues at a third-party provider has an adverse impact on our business. This risk is amplified due to the increasing dependency placed on the reliability and capability of key information systems and technology supplied to us. This risk encompasses the general business continuity risk.	Well-established long-term relationships with trusted suppliers. Strong ongoing management and/or monitoring of providers including: • IT providers • Outsourced ad production and planning • Wholesalers and distributors • Newsprint suppliers • Manufacturing maintenance and parts providers • Global digital partners Business continuity/disaster recovery plans in place, including at our key partners. Our own plans were successfully invoked as a result of the COVID-19 pandemic requiring the majority of the workforce to work remotely. Industry-wide response likely should key common elements of the publishing supply chain be compromised. Ongoing review of the operating model, including the assessment of alternative options. In IT, governance oversight arrangements and committee structures are in place covering areas such as risk management, change control, security and service delivery. Appropriate contractual protections in place.	A decreasing number of key suppliers, and an increasing number of outsourced arrangements, means it becomes increasingly important to stabilise and optimise arrangements and ensure appropriate contingency plans are in place. Our supply chains remain under pressure from the global impact of the pandemic which may have cost implications.



Risk	Description	Mitigation	Update
Health and safety issue  	An accident, incident or occupational ill health affecting Group employees or others linked to our business activities. During the pandemic, there is an amplified strategic or operational risk should key employees, or their family members, be directly affected.	Health and safety management system in place. Adverse event reporting system allows timely investigations to be carried out by the Health and Safety team. All parts of the Group are serviced by professionally qualified and experienced Health and Safety Managers and Occupational Health service providers. Internal and external auditing to ensure continuing compliance across our print and publishing sites. Risk assessment processes in place to cover all areas of the business, including external work in hostile and high risk environments. Practical implementation of Government COVID-19 controls and recommendations across all areas of the Group. Health and wellbeing, including mental health, support is in place for all Group employees.	We strive for continual improvements to maintain a culture where health and safety is prioritised. We recognise the potential impact that online threats and abuse may have on the wellbeing of our journalists. Providing appropriate support to all our employees remains a priority for the business. We continue to follow the latest Government guidance in relation to COVID-19 control measures.
Lack of funding capability    	The main financial risk is the lack of funding capability to meet business needs. This may be caused by a lack of working capital, unexpected increases in interest rates or increased liabilities, in particular: Pension deficits may grow at such a rate that annual funding costs consume a disproportionate level of profit; and Volume and level of historical legal issues (HLI) claims may continue to have significant cost implications.	Financing Strong cash generating business. Committed loan facilities are in place to deliver our strategy. Ongoing constructive relationships and regular dialogue with syndicate banks. Regular cash flow forecasting and monitoring through treasury reporting processes. Limited foreign exchange fluctuation exposure. Commitments Regular reporting to the Board. Regular discussions with Pension Scheme Trustees. Ongoing review of options to de-risk pension liabilities. Ongoing HLI claim level monitoring and management. Working with external lawyers on HLI civil claims and related investigations.	We recognised that the global pandemic amplified the risk and quickly took appropriate mitigating action to conserve cash last year. Financing A re-negotiated larger facility now in place with a wider banking syndicate which reduces the immediate risk. Commitments We remain committed to addressing our historical pension deficits and continue to make significant payments to the schemes. We continue to deal with the HLI claims in a professional and efficient manner, although the final outcome of the civil claims remains uncertain.

Risks and uncertainties continued

Risk	Description	Mitigation	Update
Inability to recruit and retain talent     	The inability to recruit, develop and retain talent with the appropriate skills, knowledge and experience compromises our ability to deliver strategic business plans.	Ongoing considerations of: • Digital capabilities of workforce • Turnover levels • Pay and benefits • Opportunities to expand talent pool (for example, outside London) • Recruitment channels used • Diversity and Inclusion	Retention and recruitment of appropriately skilled staff will remain an ongoing challenge. Our Diversity and Inclusion strategy will help ensure we are recruiting and developing staff from the widest possible pool of talent.
Brand reputation damage  	Damage to reputation arising from employee actions or behaviours, including breaches of regulations or best practice guidelines. Editorial errors, behaviours or tone leads to loss of readership, damaged reputation and legal proceedings. An incident which has an adverse impact on the environment/climate.	Recruitment of highly experienced and capable people into key senior management roles. Governance structures provide clear accountability for compliance with all laws and regulations. Policies and procedures are designed to meet all relevant requirements. Employees trained to comply with all relevant legislation. Ongoing consideration of upcoming legislative changes and emerging trends. Crisis management procedure developed and communicated. New committee structure to develop and drive our Environmental, Social and Governance strategy.	There remains awareness that an indiscretion could lead to significant financial and reputational damage. In editorial, we are aware of the heightened risk created in a digital-led environment due to the 24/7 nature of our operations and the need to move with pace. Operationally, we have had to be reactive in light of the COVID-19 situation, with stretched resources at times, so it is important to recognise that an increased risk of error or oversight exists. Climate matters are recognised as an emerging risk area for the Group, and work will be undertaken to develop a fuller picture of the associated risks and opportunities for our business.

Viability statement

The directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The 2018 UK Corporate Governance Code requires that the directors assess the prospects of the Group over an appropriate period of time selected by them.

The directors assessed the prospects of the Group over a three-year period as it enables the directors to consider the investment required to drive growth in digital and the impact of declining print revenues. The assessment took into account the Group's current position and the principal risks and uncertainties facing the Group, including those that would threaten the business model, future performance, solvency or liquidity.

When approving the annual budget, projections for the next two years are also considered. The annual budget is used by the Remuneration Committee to set targets for the annual incentive plan. The annual budget and projections for the next two years are used for setting the cash flow target for the Long Term Incentive Plan. The directors also consider projections for the next 10 years as part of its strategic planning and in connection with the Group impairment review.

A number of key assumptions and items in the three-year projections are as follows:

- Continued digital growth supported by investment in the Customer Value Strategy
- Print revenue declines with reference to recent trends and reduction in related costs
- Overall stability in total revenues and operating profit
- Funding of the historical defined benefit pension obligations based on the existing schedule of contributions agreed with the Trustees
- Payments in relation to historical legal and tax issues reflecting the provisions held in the balance sheet
- Deferred consideration of £24m (repayable in 2022 and 2023)
- Covenants under the financing facilities are met
- Dividend payments in each year

These, and other matters considered by the Board during the year, form the basis of the Board's reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period.

Also, this assessment was made recognising the principal risks and uncertainties that could have an impact on the future performance of the Group and the financial risks described in the notes to the consolidated financial statements. For further information on principal risks, see pages 60 to 64.

Sensitivity analysis is applied to the cash flows to model the potential effects should relevant principal risks actually occur, individually or in unison. The Board also assessed the likely effectiveness of any proposed mitigating actions. This did not change the conclusions of the assessment.

Such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

The Strategic Report was approved on behalf of the Board on 1 March 2022.

Simon Fuller
Chief Financial Officer

1 March 2022

Chairman's statement

Good governance at the forefront of decision-making



Nick Prettejohn
Chairman

We strongly support an inclusive and open culture.

The Board considers leadership, culture and good governance as crucial factors in ensuring successful delivery of the Customer Value Strategy, and our digital growth ambitions.

As a Board, we closely monitor the culture, practices and behaviour within the Company to ensure that they are aligned with our values and strategy and will help deliver the long-term sustainable success of the Group. We strongly support an inclusive and open culture, encouraging and creating opportunities for individuals and teams to be entrepreneurial and realise their full potential.

As the Chairman, I have presented a summary of the most important areas of the Board's activities during the year, and more detail on these can be found throughout this Governance Report.

Focus on strategic delivery and impact on stakeholders

The Board's focus during the year has been to oversee the continued investment to accelerate the Customer Value Strategy. We held two-day strategy and Board meetings in April and September, and have been presented with strategic deep dives in meetings throughout the year, which we have debated and challenged.

The impact of any decisions on our stakeholders and the long-term sustainable success of the business is at the forefront of any discussion, in line with section 172(1) of the Companies Act 2006. We particularly focused on getting to know our customers better during 2021 and among other things, we held deep dives on digital audience strategy, and the outcomes of Reach's first audience census. This has helped us understand how our customer base is changing and the relevance of the overall market in which the Company operates. Data has been and will continue to be important when making any key business decisions.

An overview of matters discussed and debated by the Board at its meetings during the year can be found on pages 74 and 75, and some of the Board's key decisions and considerations of stakeholders can be found on pages 79 and 80. The Company's section 172(1) statement is on page 15 of the Strategic Report.

Enhancing the Board and Executive Committee

To assist in delivering the Company's strategy, in 2021 we commenced the search for an additional non-executive director with a strong background in digital and data. We were pleased to welcome Barry Panayi to our Board in October 2021, a recognised leader in the digital and data field, who brings valuable expertise and insight as we enter the next phase of our evolution.

We also looked at Committee chair succession planning, and Olivia Streatfeild took over from David Kelly as Remuneration Committee Chair in July 2021.

Succession planning will remain a key focus for 2022, and we will search for further new non-executive directors, as both Helen Stevenson and David Kelly will be approaching their nine-year tenure in 2023.

We also made changes to our Executive Committee, and a new role, the Chief Product and Customer Officer, was added to the Executive Committee in 2021. The refreshed Executive Committee has prioritised a review of talent, development and succession throughout the business, supported by the Nomination Committee, with details of this on page 83.

Establishing the Sustainability Committee

We are committed to creating a sustainable future, creating long-term and profitable growth, while making practical changes to ensure that our activities do not damage our society and the planet. As part of our purpose, we also aim to contribute to positive social change, supporting our titles using the power of their campaigning to advance causes that improve the lives of people in communities throughout the UK and Ireland.

We established a Sustainability Committee as a formal Board Committee, to oversee the content and approach to the Company's sustainability strategy. We held our first Sustainability Committee meeting in late 2021, where we reviewed the overall Environmental, Social and Governance (ESG) landscape and the Company's current position and approach.

As part of a materiality assessment and consultation with our stakeholders to identify the areas that matter to them, we will develop our ESG disclosures and a sustainability strategy and communications plan, that will be endorsed and approved by both the Sustainability Committee and the Board. More on the Sustainability Committee can be found on pages 88 and 89.



Greater leadership diversity will strengthen the business at every level and put it in great stead to face the future.

Our commitment to Diversity and Inclusion

In 2021, Diversity and Inclusion continued to be a top priority, and there was enthusiasm and commitment across the business to represent the diversity of our audiences and to become a more inclusive workplace from the top down. We became the first news publisher to join the 30% Club, committing to 30% representation of women on our Board and Executive Committee, including one person of colour by 2023. Greater leadership diversity will strengthen the business at every level and put it in great stead to face the future.

80 senior leaders have also developed and delivered their own personalised inclusion action plans, bringing to life inclusion across the business. The Board has also spent time considering and discussing social mobility, both within the business and the wider community. Given its importance, social mobility will continue to be a topic of discussion and focus for the Board during 2022.

Our effectiveness as a Board

A vital part of Board governance is to reflect on our own performance and consider ways in which processes and behaviours can be improved and enhanced to ensure we are operating effectively. We performed an external Board evaluation at the end of 2021, and more detail on how we did this, and the agreed recommendations and actions, can be read on page 84, along with progress made on the actions from the 2020 Board evaluation. It is my role as Chairman to make sure that the recommendations are taken on board and implemented, and next year we will update you on our progress.

Remuneration

At the 2021 Annual General Meeting (AGM), shareholders voted 94.64% in favour to renew the three-year authority for our Directors' Remuneration Policy. In 2020 and early 2021, the Remuneration Committee reviewed the policy approved at the 2020 AGM and felt that changes were necessary to allow the Company to operate pay in a way that supported the Company's broader strategic direction as a business, including as its strategy and execution continued to develop. The new Directors' Remuneration Policy can be found within the Company's Annual Report 2020 which is available on the Company's website at www.reachplc.com/investors/results-and-reports.

The year ahead

The Company has made good progress in 2021. This year we will focus on evolving the next stage of the Company's strategy and ensuring its successful implementation. The Board will continue to supervise and support executives and senior management in all aspects of developing the organisation's purpose, culture and values.

Nick Prettejohn
Chairman

1 March 2022

Compliance with the 2018 UK Corporate Governance Code (the 2018 Code)

The Board considers that, during 2021, the Company has complied with the principles and provisions of the 2018 Code other than provision 38. The Company is in a process of aligning the pensions contribution rate of Simon Fuller, our Chief Financial Officer, to more general workforce contribution rates by 1 January 2023. Simon's contribution rate on appointment in 2019 was 15% of base salary. In 2021, this reduced to 11.25% from 1 April 2021, reducing from 1 April 2022 to 9.375% and to be reduced further to 7.5% from 1 January 2023.

The 2018 Code, issued by the Financial Reporting Council, and associated guidance are available at www.frc.org.uk.

Taking each of the main headings of the 2018 Code:

Board Leadership and Company Purpose

The Board's ultimate objective is promoting the long-term sustainable success of the Company. Read more about our strategy in the Strategic Report (pages 26 to 29) and how the Board achieves this through, amongst other things, engaging with our stakeholders (page 79). Read more about how the Board assesses and monitors culture on page 78.

Division of Responsibilities

The Board is made up of two executive directors, six independent non-executive directors and the non-executive chairman, who was considered independent on appointment to the Board. Please see page 74 for Board and committee meeting attendance, and page 73 for the individual roles and responsibilities of the Board members. During the year, the Board approved additional external appointments of directors prior to these appointments. The Board members' other time commitments are in line with institutional investor and investor body guidelines.

Composition, Succession and Evaluation

The Nomination Committee Report (pages 82 to 87) describes its activities and key focus areas during 2021, including Board and executive succession planning and appointments, and the Board's diversity targets. The Board carried out an external Board evaluation this year, and more information can be found on page 84.

Audit, Risk and Internal Control

The Audit & Risk Committee Report (pages 90 to 97) describes its activities and key focus areas during 2021, and how it discharges its roles and responsibilities. The Board completed a robust assessment of the Company's emerging and principal risks during the year and has well-established procedures to manage risk. The Company's disclosures regarding emerging and principal risks are on pages 60 to 64 of the Strategic Report.

Remuneration

The Remuneration Report (pages 98 to 112) describes the work of the Remuneration Committee during 2021, and sets out how executive remuneration is aligned to the Company's purpose, values and long-term strategy. It also sets out how workforce remuneration and related policies have been considered in its decision-making regarding executive remuneration.



We strongly support the 2018 Code's emphasis on the value of good corporate governance to long-term sustainable success and the pivotal role the Board plays in delivering high standards of governance and encouraging long-term investment.

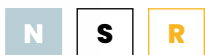
Nick Prettejohn

Our Board

Diverse experience



Nick Prettejohn
Chairman



Jim Mullen
Chief Executive
Officer



Simon Fuller
Chief Financial
Officer

**Appointment date:**

March 2018 (appointed as Chairman in May 2018)

Skills, experience and contribution:

Nick has significant chairmanship and listed company experience. Since his appointment in 2018, Nick has successfully led the Board through a period of transition, bringing on board a new CEO, CFO and Audit & Risk Committee Chair. Nick has deep financial services experience, in-depth regulatory knowledge, significant experience in strategic planning and implementation and strong leadership qualities. The Board believes Nick's strong leadership and chairing skills means he continues to effectively lead the Board. Some of Nick's previous appointments include: Chairman of the Financial Advice Working Group, the Britten-Pears Foundation, Brit Insurance and the Royal Northern College of Music; Chairman of Scottish Widows Limited and Non-Executive Director of Lloyds Banking Group plc, the Prudential Regulation Authority, and Legal and General plc; Member of the BBC Trust and CEO of Prudential UK and Europe and Lloyd's of London.

Current external appointments:

Chairman of TSB Banking Group plc and a Trustee of the charities Opera Ventures and Prisoners Abroad.

Appointment date:

August 2019

Skills, experience and contribution:

Jim has significant experience in the advertising and communications industry, having spent over 10 years in some of the sectors' leading marketing and communications groups, as well as significant digital transformation projects. Since his appointment in August 2019, Jim has developed and communicated a clear strategic vision for the future of the business, and the Board considers his continuing leadership critical to the execution of the strategy. Some of Jim's previous appointments include Group CEO of Ladbrokes Coral plc and Ladbrokes plc; Chief Operating Officer of William Hill Online; and Director of Digital Strategy and Product Management at News International.

Current external appointments:

Senior Non-Executive Director of Racecourse Media Group.

Appointment date:

March 2019

Skills, experience and contribution:

Simon is a Fellow chartered accountant with around 18 years of senior listed company experience. He has spent the past 12 years working as a finance director or CFO at divisional or main board level, working with a wide range of senior internal and external stakeholders. Simon's broad experience enables him to contribute strategically and operationally, while also setting high standards of financial management and discipline. Some of Simon's previous appointments include CFO of McColl's Retail Group plc; a number of divisional finance director roles at Tesco; and various senior commercial finance roles at BT and COLT. Simon originally qualified as a chartered accountant with PricewaterhouseCoopers LLP in 2001.

Current external appointments:

Director of The Foundation Years Trust and the Regulatory Funding Company.

Our Board continued



Helen Stevenson
Senior Independent
Director



Appointment date:

January 2014 (appointed Senior Independent Director in December 2015)

Skills, experience and contribution:

Helen has significant marketing and digital experience from a range of industries, having held a number of blue chip senior executive marketing roles during her career. Having served on the Board since 2014, including as Remuneration Committee Chair between 2014 and 2017, Helen provides the Chairman with a high level of support and insight as Senior Independent Director. Some of Helen's previous appointments include Chief Marketing Officer UK at Yell Group plc, Marketing Director for Lloyds TSB Group and European Marketing Director of Mars Inc. Helen has also served as Non-Executive Director of the Department of Work and Pensions, and until December 2021, was Senior Independent Director at Kin and Carta plc.

Current external appointments:

Non-Executive Chairman and Director of RM plc; Member of the Strategic Advisory Board of Henley Business School; Governor and Chair of the International Board of Wellington College; and Remuneration Committee Chair and Non-Executive Director at IG Group Holdings plc and Skipton Building Society.



Anne Bulford, CBE
Independent
Non-Executive
Director



Appointment date:

June 2019

Skills, experience and contribution:

Anne is a chartered accountant and an experienced media CFO and Audit Committee Chair. The Board considers her continuing leadership of the Audit & Risk Committee to be important to ensuring the Company continues to benefit from an independent and objective audit. Anne was awarded an OBE in 2012 for services to UK broadcasting, and more recently in 2020, Anne was awarded a CBE for services to broadcasting and charity. Some of Anne's previous appointments include Deputy Director General of the BBC and Chief Operating Officer of Channel 4. Previous non-executive roles include Audit Committee Chair of Ofcom and the Ministry of Justice. Anne qualified as a chartered accountant with KPMG and spent 12 years in practice.

Current external appointments:

Chair of the Audit Committee of the Executive Committee of the Army Board; Non-Executive Member of KPMG's Public Interest Committee; Non-Executive Chair of Trustees of Great Ormond Street Children's Hospital Charity; Non-Executive Member of the University College London's Gift Acceptance Committee; and Governor of the Royal Ballet.



Steve Hatch
Independent
Non-Executive
Director



Appointment date:

December 2015

Skills, experience and contribution:

Steve has current executive experience in leading a large digital media organisation, currently working as Vice President for Meta Northern Europe since 2010. He is therefore able to offer the Board relevant and up-to-date insight and advice in respect of digital and traditional media, business transformation, ecommerce and the changing consumer landscape which is key to the Company's strategy. In addition, Steve is a strong advocate for cognitive diversity in the workplace and has expertise in building diverse and inclusive teams. Steve's long-serving career in advertising and marketing, as well as extensive executive management experience and leadership, enables him to provide valuable insight and advice to the Board. Some of Steve's previous appointments include CEO at the WPP media company MEC; Managing Director of MediaEdge; Board Strategist for Y&R Brands; and Chair of CBI Tech Group.

Current external appointments:

Vice President of Meta Northern Europe, and Member of Be the Business Advisory Board.

KeyMember of the
Nomination CommitteeMember of the
Sustainability CommitteeMember of the Audit
& Risk CommitteeMember of the
Remuneration CommitteeDenotes Committee
Chair**David Kelly**
Independent
Non-Executive
Director**Barry Panayi**
Independent
Non-Executive
Director**Olivia Streatfeild**
Independent
Non-Executive Director
and Colleague
Ambassador**Appointment date:**

December 2014

Skills, experience and contribution:

David has extensive experience in technology and product development, with a strong background in innovation, having held executive roles at companies such as Amazon, Lastminute.com and eBay. David is an experienced digital operating executive. Some of David's previous non-executive appointments include Chairman of Love Home Swap, Prezola, MBA & Company Group (Talmix), Pure360 and Zuto; Non-Executive Director of the Qliro Group and Basekit; and founder and CEO of mydeco.

Current external appointments:

Chairman of Simply Business, Camelot Global Lottery Solutions Limited, Forest Holidays and Explore Learning; Senior Independent Director and Chair of the Remuneration Committee of On the Beach Group plc; Independent Non-Executive Director and Chair of the Audit & Risk Committee of The Gym Group plc; and Non-Executive Director of Holiday Extras.

Appointment date:

October 2021

Skills, experience and contribution:

Barry is an established and recognised leader in the digital and data space, having spent most of his career in senior positions at a range of sectors focusing on data, insight and analytics capability development. Barry has current executive experience, working as Chief Data and Insight Officer at the John Lewis Partnership since March 2021, and prior to this, he was Group Chief Data & Analytics Officer at Lloyds Banking Group. Barry has extensive experience in leading data-driven transformations and managing large teams, having also held senior roles at Bupa and Virgin Group. He started his career working in consultancy for EY, specialising in data and digital.

Current external appointments:

Chief Data and Insight Officer at the John Lewis Partnership, and Non-Executive Director of Ofgem.

Appointment date:

January 2016

Skills, experience and contribution:

Olivia has a strong commercial and consumer background, having previously held executive roles at TalkTalk, including Commercial Director and Marketing & CRM Director. Olivia has a data-driven and analytical approach to problem solving, having worked in consulting for McKinsey & Company. This enables Olivia to support the Board in overseeing the data-driven and customer-centric strategy. Some of Olivia's previous appointments include Chief Executive Officer of Flamingo Horticulture Investments, Commercial Director of TalkTalk's consumer business, and Partner at Sir Charles Dunstone's investment vehicle Freston Ventures. Olivia was an Associate Principal at McKinsey & Company and a leader in the business's consumer retail practice.

Current external appointments:

Chief Executive Officer of INTO University Partnerships.

Division of responsibilities

The Board

The Board is collectively responsible for promoting the long-term success of the Company for its shareholders and other stakeholders. It is also responsible for establishing the Company's purpose, values and strategy, and for promoting the desired culture. The Board also provides entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed.

Matters and decisions that require Board approval are set out in a formal schedule of matters reserved for its decision, last reviewed in February 2022. The full schedule of matters reserved is available at www.reachplc.com/investors/corporate-governance/accountability.

Board Committees

The Board is supported by its Board Committees which operate within clearly defined terms of reference approved by the Board. The terms of reference for each Committee are available at www.reachplc.com/corporate-governance/board-committees.

Nomination Committee

Responsible for reviewing Board composition and diversity, leading the process for new Board appointments and ensuring there are plans for Board and senior management succession planning and talent.

See pages 82 to 87

Sustainability Committee

Responsible for overseeing the sustainability strategy, management initiatives and their performance, and reviewing and approval of annual sustainability-related targets.

See pages 88 to 89

Audit & Risk Committee

Responsible for monitoring the integrity of the financial statements, reviewing the Group's internal controls and risk management systems, and overseeing the auditor relationship.

See pages 90 to 97

Remuneration Committee

Responsible for the Directors' Remuneration Policy and practices, and executive share-based remuneration and bonus arrangements.

See pages 98 to 112

Administration Committee

Meets as necessary to deal with operational management decisions for the business in relation to day-to-day financing and administrative matters. Consists of the CEO and CFO.

Management Committees

Executive Committee

The leadership team responsible for executing the strategy approved by the Board, by managing, monitoring and providing input to support the Company's strategic and operational decisions.

Disclosure Committee

Responsible for determining the disclosure treatment of material and price sensitive information and identifying inside information. Consists of the CEO, CFO, the Group Company Secretary and a number of other senior managers.

Roles and responsibilities

While all directors share collective responsibility for the activities of the Board, the diagram below sets out the defined individual roles and responsibilities of the Board members and the Group Company Secretary. The responsibilities of the Chairman, Chief Executive Officer and Senior Independent Director are set out in full and are available at www.reachplc.com/investors/corporate-governance/accountability.

Chairman

Nick Prettejohn

Responsible for the leadership of the Board, including setting the Board's agenda and chairing Board meetings.

Promotes a culture of openness and debate to encourage constructive challenge.

Ensures the Board receive accurate, clear and timely information to support sound decision-making.

Chief Executive Officer

Jim Mullen

Responsible for the operational and strategic management of the Group.

Leads the executive team in delivering the strategy as approved by the Board.

Ensures coherent leadership of the Group.

Maintains a dialogue with the Chairman and Board on important and strategic issues facing the Group.

Chief Financial Officer

Simon Fuller

Responsible for the Group's financial activities, including control, planning, reporting, treasury and tax.

Contributes to the broader management of the Group's business.

Supports the CEO with the development, implementation and tracking of the Group's strategy.

Senior Independent Director

Helen Stevenson

Acts as a sounding board to the Board and provides support to the Chairman.

Acts as an intermediary for other directors when necessary.

Available to shareholders to assist with addressing concerns that may arise.

Reviews the Chairman's performance with other non-executive directors.

Independent Non-Executive Directors

Anne Bulford, Steve Hatch, David Kelly, Barry Panayi, Olivia Streatfeild

Provide an external perspective to Board discussions and are responsible for the scrutiny of executive management on behalf of shareholders.

Constructively challenge Board discussions and help develop proposals on strategy.

Group Company Secretary

Lorraine Clover

Enables effective communication flows between the Board and its Committees, and between senior management and the non-executive directors.

Provides effective support to the Board during meetings and setting agendas.

Ensures that the Board operates in accordance with the Company's corporate governance framework.

Board independence and appointment terms

The Board considers that the following directors are independent: Helen Stevenson, David Kelly, Anne Bulford, Olivia Streatfeild, Steve Hatch and Barry Panayi. The Chairman, Nick Prettejohn, was deemed independent on appointment in 2018, and continues to demonstrate objective judgement. The Board has considered the criteria proposed by the 2018 Code in assessing the independence of the directors.

All directors are subject to a formal performance review process. During 2021, the Board undertook a rigorous evaluation of the performance and independence of both Helen Stevenson and David Kelly as they have served on the Board for over six years. Further details of the Board evaluation can be found on page 84.

The terms and conditions of appointment of the non-executive directors are contained within their Letters of Appointment, which are made available at the Company's AGM. The terms of appointment for the directors confirm they are expected to devote such time as necessary for the proper performance of their duties. The Board reviews and approves as necessary any additional external appointments the directors may look to obtain.

The CEO and CFO do not currently have a non-executive directorship on a FTSE 100 company.

Board activity during the year

Matters considered by the Board during the year

The Board has 10 scheduled meetings each year, including two strategy days. In line with the Company's approach to re-opening its offices throughout the year and ensuring a safe environment, the Board continued to hold its meetings virtually and re-commenced in-person meetings in October.

Directors' attendance at Board and Committee meetings during the year is outlined below:

Director	Board ¹	Nomination	Sustainability	Audit & Risk	Remuneration
Nick Prettejohn	10/10	3/3	1/1	N/A	5/5
Anne Bulford	10/10	3/3	1/1	6/6	5/5
Simon Fuller	10/10	N/A	1/1	N/A	N/A
Steve Hatch	10/10	3/3	1/1	6/6	5/5
David Kelly	10/10	3/3	1/1	6/6	5/5
Jim Mullen	10/10	3/3	1/1	N/A	N/A
Barry Panayi ²	2/2	1/1	1/1	1/1	2/2
Helen Stevenson ³	9/10	3/3	0/1	5/6	4/5
Olivia Streatfeild	10/10	3/3	1/1	6/6	5/5

1. In addition to the 10 scheduled Board meetings, there were two ad-hoc meetings called at short notice, which were both attended by all the directors.
2. Barry Panayi joined the Board on 13 October 2021.
3. Helen Stevenson was unable to attend the Board and Committee meetings held in October due to a pre-existing appointment.

Strategy

The Board:

Regularly received presentations from different parts of the business on product initiatives, progress with the strategy, M&A and potential business opportunities.

Considered the continued implementation of the Group's strategy in two separate sessions, each held over two days in April and September, as well as continuing to receive regular updates throughout the year. For more information, see pages 76 and 77.

Undertook deep dives in audience, print advertising, InYourArea and cyber security.

Received regular updates on page views, customer registration targets and progress in doubling digital revenue over the medium term.

Increased its focus on ensuring the business continues to grow in a responsible and sustainable way, while also monitoring the impact of culture initiatives underway. This culminated in the Board formally establishing a Sustainability Committee and appointing Helen Stevenson as Chair to oversee the content and approach to Reach's sustainability strategy.

Financial

The Board:

At each Board meeting, discussed and reviewed financial performance including forecasts, latest analyst research and consensus market expectations. The Board received regular reports on investor relations activities, as well as presentations from house brokers on market developments and shareholder feedback.

Reviewed, approved and monitored the Group's investment programmes, and considered cost management initiatives to ensure the efficient running of the business.

Discussed and approved key measurement criteria, to demonstrate the delivery of the strategy and to act as a measure of success for senior managers throughout the business. These were subsequently incorporated as part of the 2021 Directors' Remuneration Policy and approved by shareholders at the AGM in May 2021.

Reinstated the decision to pay a dividend following both the full-year and half-year results. The Board reviewed the Dividend Policy which had been in place since 2015. A more flexible approach to growth was approved. This can be adjusted taking into account a wide set of factors while still setting an expectation to continue to adopt a policy of paying dividends which are aligned to the free cash generation of the Group.

Approved an increase from £65m to £120m in the Company's revolving credit facility for a four-year term with an expanded syndicate of relationship banks.

Reviewed the internal management reporting framework and agreed a new approach ready for 2022 implementation.

Leadership and colleagues

The Board:

Received quarterly updates from the Group HR Director and the Group Head of Diversity and Inclusion regarding the Group's people agenda. These particularly focused on the employee experience, talent and recognition, Diversity and Inclusion (D&I), all underpinned by the implementation and transformation of the strategy. The Board discussed the importance of ensuring the strategy of the Company was understood by leaders to enhance employee experience and sense of belonging. The Board regularly monitored and reviewed the progress of the development of the Inclusion Index.

Health and safety and colleague wellbeing continued to be a focus and were closely monitored by the Board, forming part of its risk assurance programme which is reviewed regularly on behalf of the Board by the Audit & Risk Committee. The creation of a new Online Safety Editor was endorsed by the Board.

Approved the largest organic colleague investment in a decade, with the recruitment of up to 400 digital journalists.

Endorsed the CEO's appointment of the Chief Product and Customer Officer and the creation of the CEO office to support strategic planning.

Approved the appointment of Barry Panayi as a non-executive director.

Commercial and operational

The Board:

Reviewed and considered the continued impact of the COVID-19 pandemic on the safety of our people, the Group's operations and management's plans for mitigating its impact on the Group's operations and customers.

Approved the permanent change to a flexible home-working culture and the future way of working, Home and Hub. Following completion of the Home and Hub programme and an audit of the Group's property portfolio, the Board approved a property disposal programme.

Received regular updates regarding the Group's print capacity requirements, following approval for the decommissioning of the Luton and Birmingham print sites, as well as being kept up to date with supply contract negotiations.

Internal control and risk management

The Board:

Reviewed and approved the accelerated cyber security programme in order to meet the needs of increasing digitalisation of the business in line with the strategy.

Approved an updated Data Protection Policy.

Considered and agreed the Group's risk appetite and principal risks.

Assessed the effectiveness of our internal controls and risk management systems.

Agreed the viability statement as disclosed in the 2020 Annual Report, and approved the adoption of a going concern basis of accounting in preparing the half-year and full-year results.

Agreed the Modern Slavery Act statement, available on the Company's website, www.reachplc.com.

Governance

The Board:

Throughout the year, received periodic updates from the Director of Communications regarding regulatory issues relevant to the Company, including for example, news distribution platforms, the online safety bill and the establishment of a Digital Markets Unit.

Having established working groups during 2020 to initiate the D&I work, the Board, upon recommendation of the Remuneration Committee, embedded D&I commitments in its executive remuneration for 2021. A Board Diversity and Inclusion Policy was also approved in May and regular presentations were given by the Group Head of Diversity and Inclusion. The Board approved and endorsed the 30% Club initiatives.

Approved the implementation of an Editorial Governance Framework which formally set out the governance of legal and business risks faced by Reach publications.

In addition to Board's usual calendar of work, the Board's focus for 2022 is expected to include the following:

- Continue to review the Group's implementation of the strategy, and review and evolve our key performance indicators
- Address the agreed actions from the Board evaluation process, more information can be found on page 84
- Continue to focus on talent and succession planning at both Board and executive level
- Continue to enhance the Board's governance framework with the establishment of the Sustainability Committee and to develop stakeholder engagement activities
- Progress the D&I agenda
- Increased focus on organisational culture, workforce engagement and strategic communications

Strategy

Purpose

The purpose of the Group is to serve our communities as champions, campaigners and changemakers. This core purpose directly informs and inspires our strategy. By better understanding our customers and delivering more data-led content and advertising, we can continue to invest in our journalism, our people and our future.

To deliver, we need to continue to focus on building our data capabilities, more effectively build audience engagement, and continue to power our strategy with a culture that helps our people deliver their very best.

For more information, see our strategy on pages 26 to 29 of the Strategic Report.

Delivering the strategy

The Board is committed to the development and delivery of the strategy, underpinned by organic investment initiatives throughout the business.

The Board regularly reviews strategic progress and financial performance, gaining insight via two dedicated strategy days, as well as regular presentations throughout the year by members of the Executive Committee and senior management.



Delivering the stories that matter

The Board received presentations and updates on the investments that have enabled increased editorial coverage across local communities and initiatives to support continued engaging and trusted content. The Board endorsed and has overseen additional editorial investment with the recruitment of over 400 journalists. It also sought to understand upcoming product development and associated workstreams to build and develop on 2022 growth.



Developing a data-led proposition

In 2021, the Board examined how effectively the development and implementation of Reach ID has increased customer understanding and insight. The role and structure of the product function was also reviewed. This helped the Board to assess the investment required in order to further develop the Group's core products and infrastructure and better support registration and loyalty.

The Board approved the number of registered users as a strategic measure and incorporated this target as part of the annual bonus for executives and senior management in 2021 to ensure accountability. This target has been continuously reviewed and monitored by the Board to measure progress.



Growing through audience engagement

The Board considered Reach's first audience census to better understand its audience and use the insight to guide future strategic decision-making.

Investment initiatives in audience engagement and the drive to increase page views has been a focus throughout the year, with deep dives into key areas allowing the Board to challenge management and ensure effective investment.

The Board also received a presentation examining print circulation trends again to ensure appropriate use of investment to drive performance.



Building a culture where people thrive

The Board recognises that a successful strategy requires a culture that attracts and develops a diverse range of talent. The Board also supports the commitment for the Group's workforce to better reflect the communities it serves.

These standards have been underpinned by senior leadership this year, focusing on the continued development of strategic thinking, and the introduction of one-to-one inclusive leadership coaching. The Board discussed and debated the culture of leadership throughout the business and the need to continue to reflect the right behaviours.

Governance in action – cyber security

The Board is aware of the increase in cyber threats for any business, but particularly one whose strategy is focused on increasing its digital presence.

Throughout the year, the Board has overseen and spent time discussing Reach's cyber security programme, whose objectives are to:

- mitigate any immediate material risks identified;
- build a capability to detect a cyber-breach rapidly and limit the spread and impact;
- build a best practice cyber security function; and
- embed security by design alongside data protection in all projects including all elements of the strategy.

External cyber security experts were engaged to assist in delivering the programme while the Group simultaneously established a new operating model. The Group has adopted the NIST Cybersecurity Framework to provide a policy and controls framework which can be used to assess our ability to prevent, detect and respond to cyber attacks.

During 2021, significant investment has been made in building a cyber centre of excellence, a Group-wide cyber awareness programme and technologies to support an enhanced 365-day, 24-hour monitoring service.

The Board receives a quarterly update on current cyber security readiness and maturity, using a dashboard of the independent key metrics and the associated trend for each metric, including penetration and vulnerability testing results.



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Our people need to reflect the communities we serve, and the culture of leadership throughout the business needs to reflect the behaviours needed to develop strategic thinking, coaching, learning and development.



Monitoring our culture

How the Board monitors culture

While the Board sets the culture and tone from the top, all colleagues are responsible for ensuring that the right culture is embedded within everything we do.

To support the creation of long-term value for shareholders and stakeholders, the Board recognises the importance of developing a culture to encourage and create opportunities for individuals and teams to realise their full potential.

Throughout 2021, the Board used a number of indicators and measures to monitor and inform its assessment of the Group's culture, as set out below.



Employee engagement surveys and experience

- The Board received quarterly reports on engagement survey results, which contain a number of culture-related questions. The HR Director reports the findings to the Board, and key focus areas and actions are discussed in detail
- The mechanisms for understanding engagement include:
 - employee metrics (absence, attrition, employee relation cases, talent);
 - engagement forums (interest networks, working groups, Ambassadors, union relationships); and
 - employee feedback (monthly surveys, focus groups, leadership meetings, census)
- The Group also started to measure employee engagement across the employee life cycle, which is reported to the Board

Colleague Ambassador

- Olivia Streatfeild, Non-Executive Director, provides the Board with an independent link to our workforce in her role as Colleague Ambassador (a method recognised by the 2018 Code)
- Olivia joins regular employee engagement review meetings with our Group HR Director and Group Head of Diversity and Inclusion. These meetings cover key Diversity and Inclusion initiatives and outputs, overall employee experience focuses and feedback, and talent and succession planning. These are all supported by clear data and evidence
- Olivia reports back to the Board on her observations and matters raised by our colleagues, ensuring they're

considered and factored into key decisions. Her visibility and active participation in colleague forums have also been positively received by our people

- Our hybrid working model has enabled more opportunities for Board members to meet colleagues from across Reach remotely, and they are looking forward to meeting colleagues in person in 2022 to hear about their first-hand experiences of working at Reach and discuss the issues that matter to them

Diversity and Inclusion

- Regular Diversity and Inclusion updates are presented to the Board
- The CEO provided regular updates on the participation rates of the Be Counted initiative, which has allowed Reach to gain insights into the demographics of its colleagues, and will assist with identifying any trends, opportunities or challenges to creating a diverse and inclusive culture at Reach
- The Board approved the Diversity and Inclusion measures for the Senior Managers' Bonus Scheme which were introduced in 2021 to work alongside the newly launched Inclusion strategy

Talent

- The Nomination Committee received updates on Executive Committee direct report succession and talent, and the shift in focus for the Executive Committee, to ensure they have the right talent for the future, to build critical strategic capabilities

Wellbeing

- The Audit & Risk Committee held a deep dive on mental health, wellbeing, and health and safety, and discussed the responses to challenges arising from

the COVID-19 pandemic and moving colleagues to remote working

Breakfast sessions

- The CEO holds weekly breakfast sessions, available for all colleagues across the business to join, providing an informal opportunity for colleagues to ask about anything that's on their mind

People meetings

- Throughout the year, Board members have joined various Inclusion network meetings, including ReachPotential, the social mobility network, ReachOut, the LGBTQ+ network, and ReachEquality, the gender network
- This has provided Board members with insight into the work of the Inclusion networks, including any past and future events, and activities and plans going forward

Compliance

- The Board oversees the implementation of policies, including anti-bribery, anti-slavery, data protection, and cyber security, and e-learning modules for colleagues. The Head of Risk and Internal Audit provides updates on any matters raised through the Group's whistleblowing procedure

Home and Hub

- The Board was provided with the results of the colleague census that informed the move to the hybrid Home and Hub model for colleagues. The Board was also kept updated on the process of implementation, including the approval of a site refresh programme

Engaging with our stakeholders

How the Board is kept informed

Read more



Our people

page 18

- Board members attended various Inclusion network meetings
- Received reports from Olivia Streatfeild, the Colleague Ambassador, and from the Group HR Director on the views of the workforce
- Received regular updates on Diversity and Inclusion, and employee engagement survey results
- The Audit & Risk Committee conducted a deep dive on mental health, wellbeing, and health and safety
- The CEO held weekly breakfast sessions with colleagues across the business, and together with the CFO held regular town halls with colleagues



Customers

page 18

- Reviewed the outcomes of Reach's first audience census conducted to help us understand how our customer base is changing and the relevance of the overall market in which the Company operates
- Provided with regular updates on the progress of Reach ID, which provides the ability to track customer behaviour across different sites
- Conducted a deep dive on digital audience, and considered new initiatives to reach more customers and increase page views
- Provided with updates on the successes and challenges of InYourArea, our neighbourhood platform for news, views and things to do, and its future growth plans



Communities

page 18

- Provided with updates on Speakers for Schools and a two-day virtual work experience delivered to over 100 young people from a wide range of backgrounds
- Provided with updates on the mentoring programme through the 30% Club, and local campaigning and community investment initiatives



Advertisers

page 18

- Received regular updates from the Chief Revenue Officer, providing updates on market dynamics and feedback from agencies and clients on sector performance
- Received a presentation on print advertising
- Received regular updates from executive directors on marketplace trends, as part of the financial performance

How the Board is kept informed

Read more

Suppliers and partners

page 19



- The Audit & Risk Committee held a deep dive on supplier chain risk. This highlighted the reliance on a small number of key suppliers. In response, the Company has ensured the ongoing review of contracts and operating models, and for technology, is migrating critical products to a multi-vendor platform with no single supplier dependency, over a three-year period
- The CEO reports include feedback on relationships with key suppliers which is discussed at the Board

Shareholders

page 19



- Consulted with shareholders and proxy bodies on resolutions put to the AGM
- Engaged directly with shareholders on the 2021 Directors' Remuneration Policy, which resulted in the policy being approved with a 94.64% vote in favour
- The CEO and CFO held investor roadshows and results briefings for the full-year and half-year results, involving presentations and Q&A sessions for analysts
- Reviewed reports and received presentations from brokers and the Investor Relations Director on shareholder feedback and market perceptions. This has assisted the Board in determining how it can maximise investors' understanding of the business and how we can continue to evolve and implement the strategy

Pension funds and members

page 19



- Received regular updates on the pensions triennial review, with the attendance of lawyers and advisers to provide support
- Received presentations from scheme actuaries

Government and regulators

page 19



- Received regular regulatory updates from the CEO and Director of Communications, covering topics such as the creation of a Digital Markets Unit, and the Government plans to grant an exemption to news media publishers in the Online Safety Bill
- Through the CEO's chairmanship of the News Media Association, the Board received regular updates regarding the views and concerns of the Government, regulatory authorities, industry bodies and other organisations on political, legal and regulatory matters

Section 172 principal decisions

Establishing a Sustainability Committee

The Board has recognised the growing expectation of our shareholders that Environmental, Social and Governance (ESG) matters should form a key part of our corporate narrative and overarching strategy.

Our audiences, advertising partners and colleagues (including prospective talent) have shown that they are particularly concerned about climate change and want to work with and support sustainable businesses.

The Board agreed that in order to better respond to these priorities, the Sustainability Committee (the Committee) should be established, effective from October 2021. At the first meeting, the Committee agreed that it will guide the development of the Group's sustainability strategy, consider ESG initiatives and oversee compliance with regulations. External consultants were also appointed to provide further analysis and overview.

A materiality assessment is now underway, and further details on this can be found on pages 88 and 89.

Key stakeholders considered



Our people



Customers



Communities



Shareholders



Government and regulators

Investment in our strategy

In March 2021, the Board committed to our current growth objectives, to double digital revenue in the medium term. Investments which focused on growing customer registrations, and the expansion of editorial in particular, were assessed to be in the best interests of all stakeholders, enabling us to successfully deliver the first phase of our strategy to build a data-led approach to growing digital revenue. Decisions included the recruitment of over 400 journalists, and increased local coverage across every county in England and Wales. Investment in data and technology included a partnership with data specialist Blue Venn to develop our customer data platform and CRM capabilities as well as a site re-design for the Mirror. Further details on the outcomes of these decisions can be found on pages 7 and 9 of the Strategic Report. When considering any investments, the Board assesses the strength of the Company's balance sheet while also considering current economic conditions, its ongoing pension scheme commitments and the expectations of our shareholders.

While for some stakeholders, alternative methods of capital allocation may have been preferred in the immediate term, the Board believes that investment to maintain the current growth momentum of the business and to secure a sustainable long-term future is in the interests of all stakeholders.

Key stakeholders considered



Our people



Customers



Advertisers



Suppliers and partners



Shareholders



Pension funds and members

Moving to a flexible way of working

Following the changes introduced last year in response to the pandemic, the decision to permanently move to a more flexible way of working was taken in early 2021.

Key factors informing this decision included employee survey data indicating that most staff had a preference for the increased work/life balance allowed by home working, the productivity track record of the previous year under COVID-19, and the potential for long-term cost savings.

The decision affected all colleagues, including changes to terms and conditions of employment, the restructuring of our offices and a greater need for effective virtual learning and development programmes. At an early stage, the Company started dialogue with colleagues and trade unions to understand their perspectives, which was communicated to the Board. While the overwhelming feedback had been that a flexible way of working and being home-based was desirable, this was not the case for all. Alternative arrangements for these individuals were adopted where possible. While the Board recognises that the Home and Hub model does not suit everyone, the decision was based on the majority view among all colleagues as well as the long-term cost savings. In making this decision, the Board also considered the cultural, wellbeing and development implications of moving to a home-based system of working. The Board satisfied itself that the business is evolving its ways of working and delivery and has systems in place to continuously monitor and receive feedback from colleagues. Adapting to this new way of working in a way that supports the Company as a whole, as well as the employees, is a key focus for the Group. Further details on the outcomes of the implementation of Home and Hub, and the ways in which the Company has invested to keep colleagues connected can be found on pages 34 and 35 of the Strategic Report.

Key stakeholders considered



Our people

Shareholder engagement

Annual General Meeting (AGM)

The AGM provides an opportunity for directors to engage with shareholders, answer their questions and meet them informally. The next AGM is planned to take place on 5 May 2022 in London. More details of the arrangements will be posted to our website, www.reachplc.com, and will be contained within the Notice of Meeting.

At the AGM on 6 May 2021, due to Government restrictions put in place because of the COVID-19 pandemic, the Company was unable to hold the AGM in the normal way with shareholders in attendance. Shareholders were invited to join the AGM via audio and submit questions in advance of the meeting. The answers to all pre-submitted AGM questions were posted to the Company's website several days before the proxy voting deadline to enable shareholders to consider responses before voting.

The Notice of Meeting and proxy form for the 2022 AGM will be shared with shareholders at least 20 working days prior to the meeting date, as required by the FRC's Guidance on Board Effectiveness. A detailed explanation of each item of business to be considered at the 2022 AGM will be included in the Notice of Meeting which will either be sent to the shareholders in advance of the 2022 AGM or will be available to download from our website, www.reachplc.com. Shareholders who are unable to attend the 2022 AGM are encouraged to vote in advance of the meeting, either online at www.shareview.co.uk or by using the proxy form which will be sent to all shareholders.

The Board receives regular updates from the Director of Investor Relations who advises on all aspects of investor engagement. It also receives all analyst research and feedback from investors following trading updates, reporting on full-year and half-year results, and investor roadshow activity. The CEO and CFO also update Board members directly on management interaction with investors as part of Board meetings and through regular emails.

Investor Relations timeline



Nomination Committee Report

Composition, succession and evaluation



Diversity at the Board, Executive Committee and all other levels of the business is an essential element of effective governance and ensuring we reflect the diversity of our audiences.

Nick Prettejohn
Nomination Committee Chair

Committee membership and attendance

Nick Prettejohn (Chair)	3/3
Anne Bulford	3/3
Steve Hatch	3/3
David Kelly	3/3
Jim Mullen	3/3
Barry Panayi	1/1
Helen Stevenson	3/3
Olivia Streatfeild	3/3

Committee membership

The Committee membership includes the Chairman of the Board as the Committee Chair, all six non-executive directors and the CEO. The majority of members of the Committee are independent non-executive directors. The Committee met three times during the year and attendance is set out above.

For the Nomination Committee (the Committee), 2021 was a busy year, during which we continued to focus on Board succession planning and reviewing the combined skills and experience of the directors to ensure their effectiveness in driving our strategy forward. This resulted in the appointment of Barry Panayi to our Board in October 2021, who brings valuable expertise and insight in the digital and data field as we enter the next phase of our evolution.

We believe that diversity at the Board, Executive Committee and all other levels of the business is an essential element of effective governance and representing the diversity of our audiences. Our commitment to improving diversity can be seen through the Committee adopting a Board Diversity and Inclusion Policy and the Company becoming the first news publisher to join the 30% Club. As part of that, we have committed to 30% representation of women on both our Board and our Executive Committee, and to include one person of colour by 2023 at each level.

We also performed an external Board evaluation at the end of 2021; you can read more about the results on page 84.

In last year's Annual Report, we reported our intention to make site visits as part of engagement with colleagues during 2021, an action that had been identified in the 2019 internal Board evaluation. Unfortunately, due to the ongoing COVID-19 pandemic and the closure of offices during the year that was not possible, but we remain firmly committed to doing this during 2022, and look forward to meeting colleagues across the business.

We will continue to focus on Board succession planning during 2022, actively searching for new non-executive directors with the right skill set and experience, particularly as both Helen Stevenson and David Kelly will be approaching their nine-year tenure in 2023. We will also consider the roles of the Senior Independent Director and Sustainability Committee Chair as part of this process, as both positions are currently held by Helen. This active search for new non-executive directors will also help us to accommodate any unplanned departures.

Nick Prettejohn
Nomination Committee Chair

1 March 2022

Key focus areas

Board succession planning

At least twice a year, the Committee discusses the future composition of the Board, with a rolling programme to consider the size and shape of the Board, taking into account the tenure of individuals, expertise required and diversity. The focus for 2021 was the recruitment of an additional non-executive director. Barry Panayi was appointed as a non-executive director in October 2021, and further details of the search process can be found on page 86.

The Committee regularly reviews Board succession plans. In 2021, it reviewed Committee chairmanships in this context, and the role of Remuneration Committee Chair was formally handed over from David Kelly to Olivia Streetfeild in July 2021.

In 2022, as well as preparing for the transition of the Senior Independent Director, the Committee will also spend time considering the skill sets needed for the Board over the medium term.

Executive succession planning and talent

The Committee regularly reviews Executive Committee and senior management succession planning and has formal plans in place for the short, medium and long term. Emergency plans are in place should the need arise for any executive position, which is periodically assessed.

During the year, the Committee endorsed the appointment of the Chief Customer and Product Officer and a senior management role, the Corporate Development and Analysts Director.

The Committee also received a presentation on the performance of the Executive Committee and other senior managers, and reviewed the Executive Committee and senior management pipeline. A detailed update was provided on the Company's strategy to managing talent, and how skills were being developed for leaders of the future. This included focusing efforts on developing critical strategic capability, developing current senior core talent, while also growing the same critical skills and capability through early careers talent.

Board Diversity and Inclusion Policy

A Board Diversity and Inclusion Policy (the Policy) was introduced in 2021, which is available on the Company's website, www.reachplc.com/corporate-governance.

The Policy formally sets out the Company's approach to the diversity of the Reach plc Board. The Policy is consistent with the Company's objective to promote Diversity and Inclusion across the business, and is aligned with the Company's three pillars – connect, respect and thrive. This helps to ensure that the skills, experience, social, cultural, educational and professional backgrounds of the workforce are appropriately diverse to support the Company's strategy.

The Group's Diversity and Inclusion Policy and its objectives are inextricably linked to the Company's strategy, a part of which is focused on creating a culture where all can thrive. The governance framework ensures that for senior leaders, the Executive Committee and the Board's strategic priorities incorporate Diversity and Inclusion where appropriate. For example, senior leaders have developed and implemented action plans, to support the achievement of each function's inclusion strategy and to embed it throughout the organisation. Read more about Diversity and Inclusion as part of our strategy on pages 38 and 39.



We continued to focus on Board succession planning and reviewing the combined skills and experience of the directors to ensure their effectiveness in driving our strategy forward.

Role of the Committee

The Committee is responsible for:

- Board composition: The Committee considers the balance of skills, diversity, knowledge and experience of the Board and its Committees, and reviews the Board's structure, size and composition, including the time commitment required from non-executive directors;
- Board appointments: The Committee leads on the recruitment and appointment process for directors and makes recommendations regarding any adjustments to the composition of the Board; and
- succession planning: The Committee proposes recommendations to the Board for the continuation in service of each director, and ensures that the Board is well prepared for changes to its composition and that appropriate succession plans are in place.

The Committee has formal terms of reference which are available on the Company's website, www.reachplc.com.

Nomination Committee Report continued

Evaluating performance

Performance is measured annually through a formal annual review of the Board, its Committees and the Chairman. In 2021, this was carried out by a professional external adviser, Sam Allen Associates Limited (Sam Allen), and was conducted in accordance with the principles of the 2018 Code and the supporting Guidance on Board Effectiveness. As a well-respected search firm, Sam Allen have in the past helped us recruit at executive level and below within the Group. There is no other connection with the Group or its directors.

As part of the evaluation, Sam Allen have:

- met with the Chairman, CEO and SID to understand the strategic direction and challenges of the business;
- provided questionnaires to directors with open-ended questions;
- held one-to-one meetings with directors to delve deeper into questionnaire responses;
- attended a Board meeting to observe the Board in action; and
- reviewed Board and Committee agendas and minutes.

The evaluation confirmed that the Board has overseen the transformation of the business well, and has challenging and supportive relationships between the executive and non-executive directors. The composition and skill set of the Board have been appropriate and effective to date but it was recognised that it needed to consider what skill sets will be required in the medium term. The effective leadership and experience of the Chairman were recognised, and the Committees are well-regarded and respected for the work and oversight they undertake. For 2022, the key areas for attention will be strategy, succession planning, Board communication and stakeholder engagement. Further details can be found in the table opposite.

Issue and recommendation from 2020 evaluation

Continue to focus on the composition of the Board and associated succession plans. Commence a search for a new non-executive director during 2021. When recruiting, diversity will be a major consideration.

Nomination Committee to review management succession and development plans, and the talent management of the wider organisation.

Continue to focus on understanding consumer needs and behaviour, and market developments through deep dives and updates from the CEO and other executives.

Spend time conducting a debrief after the implementation of strategic decisions and consider lessons learned.

Actions undertaken in 2021

The Committee reviewed its composition and succession plan at three meetings during the year. Barry Panayi was appointed as non-executive director in October 2021 following a formal and rigorous search process. Further details can be found on page 86.

The Committee regularly reviewed management succession and talent. Further details can be found on page 83.

The Board undertook deep dives in audience, print, advertising, InYourArea, print advertising and cyber security. Senior managers continued to present and discuss the business with the Board at regular intervals.

As part of the two strategy days in April and September, the Board reviewed and analysed past decisions and subsequent outcomes.

Issue and recommendation from 2021 evaluation

Succession planning

Prepare for the transition of the Senior Independent Director.

Continue the Board's engagement activities with key talent across the Group.

Consider the skill sets needed for the Board over the medium term.

Actions to be undertaken in 2022

Actively search for new non-executive directors, and when doing so, consider the skill sets required, as well as a continued focus on all aspects of diversity, including gender, ethnicity and experience.
Face-to-face Board exposure for high-potential talent.

Stakeholder engagement

Ensure that successes in the Environmental, Social and Governance (ESG) area are effectively communicated to shareholders and wider stakeholder groups.

Hold non-London based meetings to see more of the regions, and engage further with employees.
Consider other methods to engage with external stakeholders.

Board communication

Consider the ways in which meeting dynamics could be further enhanced.

Implement ways in which more concise reporting can be delivered to the Board and its Committees.

Further guidance to be given to presenters and paper contributors for Board and Committee papers regarding focus on insight, and ensuring the appropriate level of detail.

Strategy

More time to be dedicated to the long-term strategic direction of the Company, ensuring alignment with organisational culture, purpose and behaviours.

Review Board and Committee meeting structure and agendas to ensure an increased focus on the further development and implementation of the strategy.

Diversity

Valuing Diversity and Inclusion is integral to the priorities of the Company. While the Board Diversity and Inclusion Policy is applicable to the Board only, it sits alongside the wider Company Diversity and Inclusion Policy, setting out the Company's broader commitment to Diversity and Inclusion, and is implemented in part, via the Code of Conduct programme.

The Board recognises the importance of Diversity and Inclusion in the boardroom and seeks to recruit directors with varied backgrounds, skills and experience. Reach is continuing to seek to broaden the diversity of the Board, reflecting our audience and their communities. This will be a key consideration in the appointment of new non-executive directors.

At the year end, the Board had three female members (of nine in total), which meets the 33% target for FTSE 350 boards set by the Hampton-Alexander Review, as well as the target of the 30% Club.

The Board aims to retain or improve this level in the future and looks to improve on other areas of diversity too. The Board composition and size is kept under review by the Committee in order to retain an appropriate balance of skills, experience, diversity and knowledge of the Group.

The Board also recognises the importance of Diversity and Inclusion at senior management level. The Group's Executive Committee, who are direct reports of the CEO and CFO, is made up of nine members, including the CEO and CFO. In 2021, there were two women on the Executive Committee (three women in 2020). There are 78 direct reports to the Executive Committee for the purposes of Hampton-Alexander reporting. Information on senior management initiatives on Diversity and Inclusion can be found on pages 38 and 39 of the Strategic Report.

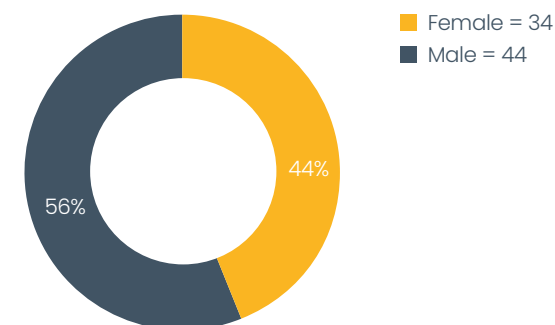
The percentage of women within the Group overall increased to 39.9% (2020: 38%), with women occupying 37% of senior managerial roles across the Group.

In 2021, Reach plc joined the 30% Club, and as part of that has committed to 30% representation of women on the Board, to include one person of colour by 2023; and 30% representation of women on the Executive Committee, to include one person of colour by 2023. Through committing to these targets, the Board also commits to meeting the Parker Review requirements by 2024.

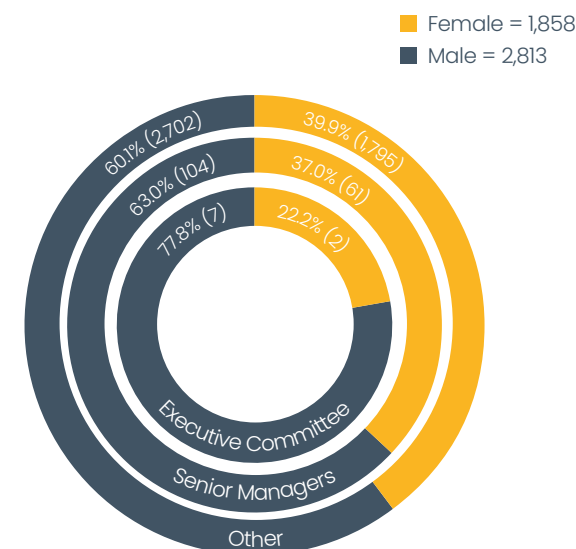
In order to develop the Diversity and Inclusion strategy, the Be Counted initiative was launched in 2021, to capture colleague demographic and diversity data. According to the protected characteristics of the Equality Act 2010, along with socioeconomic data, Reach is able to identify areas for opportunity, along with challenges, to help drive Diversity and Inclusion activity, and this will be a key focus area for 2022. The Board also took part in this initiative, and the target 85% completion rate across the Group was achieved.

The Committee also regularly reviewed the Inclusion Index, which for 2021 encompassed the introduction of Diversity and Inclusion drivers in the Group's monthly engagement survey and the targeted introduction and achievement of Inclusion Action Plans. Of the 2021 annual bonus, 10% is linked to the achievement of Diversity and Inclusion objectives, demonstrating the Group's commitment in this area. This will continue to be part of the bonus in 2022. For more information on the 2021 annual bonus objectives, please see pages 100, 104 and 105 of the Remuneration Report. The Board also endorses diversity initiatives and programmes such as Playing your Part, Inclusion Networks, and talent management programmes. The Board will also be participating in Playing your Part in 2022. Read more about these initiatives on pages 38 to 39 of the Strategic Report.

Gender split of direct reports to the Executive Committee



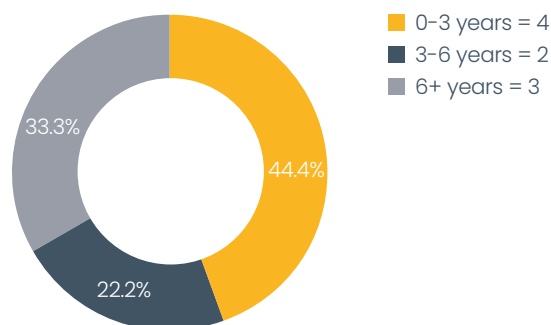
Gender split of Group employees



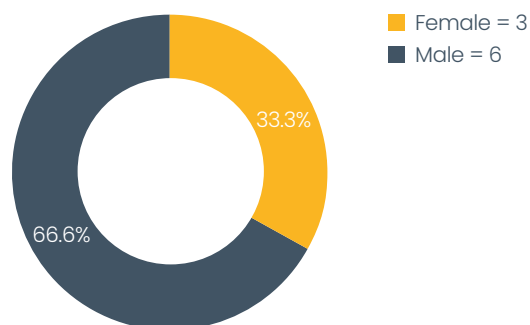
Nomination Committee Report continued

Board composition as at 26 December 2021

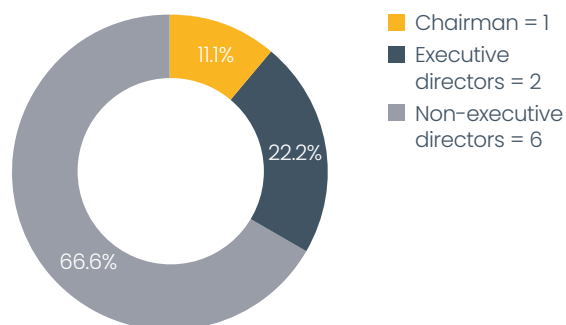
Board tenure



Board gender diversity



Board composition:



Recruitment of a new non-executive director

We base our appointments to the Board on merit, against objective criteria, with the aim of bringing a range of skills, knowledge and experience to Reach. This involves a formal, rigorous and transparent process to source strong candidates from diverse backgrounds, promoting cognitive and personal strengths.

The Committee considered the composition of the Board in 2020 and the skills the Board needs to deliver the Company's strategy, and agreed an additional non-executive director was to be appointed, with experience and expertise in relation to data.

The Committee also recognised the need to continue to recruit directors with varied backgrounds, skills and experience. Given the focus by the Board on considering diversity when recruiting, Green Park were engaged by the Nomination Committee to assist with the process. Green Park are a well-established executive search company in the field of diversity, helping to ensure that candidates put forward were from a diverse background, and have no material connections with the Company or any director.

The Committee devised a candidate profile, containing a brief of requirements, desired skill set and experience. As well as the focus on experience and expertise in data, key skills and experience identified as desirable included being a successful motivator of senior management, a strategic thinker with business development orientation, knowledge of reward and motivation mechanisms, and previous strategic executive experience, preferably in a consumer market. The recruitment process commenced early in 2021 and a strong pool of diverse candidates was assembled. Initial interviews were conducted, and a short list of candidates was then interviewed by the Chairman and the Group HR Director, and the CEO and Senior Independent Director. Each candidate was assessed against the candidate profile and pre-determined criteria.

Once the preferred candidate was identified, further Board members interviewed them on a more informal basis to determine interpersonal dynamics.

The Committee considered the process undertaken, and recommended Barry Panayi's appointment as non-executive director for approval by the Board.

Induction process

A full, formal and tailored induction process is in place for new Board members, to provide a comprehensive introduction to the Group, and to enable new Board members to contribute to Board discussions from the outset.

Barry Panayi was appointed as a non-executive director this year, and received an induction programme comprising in-depth meetings with other Board members, Executive Committee members and other senior leaders. Training on Board procedures and listed company duties was also provided by the Group Company Secretary. Barry will also visit a print site and attend various locations with the Board during 2022.

He also had access to a comprehensive library of internal and external papers and presentations covering key functional and operational areas of the Group. This was supplemented with materials relating to the role of a director, including guidance on corporate governance and applicable policies and procedures.

Director training and development

Throughout their tenure, directors are given access to the Group's operations and staff, and receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. This allows the directors to function effectively with appropriate knowledge of the Group.

The Group Company Secretary facilitates any other professional development that directors consider necessary to assist them in carrying out their duties.

The Board is satisfied that each director has sufficient time to devote to discharging his or her responsibilities as a director of the Company.

Director election and re-election

All directors are subject to election and re-election to the Board by shareholders on an annual basis at the Company's AGM. Non-executive directors are appointed for a term of three years, subject to annual re-election at the AGM.

The Chairman, on behalf of the Board, has confirmed each non-executive director continues to be an effective member of the Board and will stand for re-election at the 2022 AGM. Barry Panayi will stand for election as this will be his first AGM.

Directors' conflicts

The Board has a Conflicts Policy in place which provides a formal system for directors to declare conflicts to be considered for authorisation by those directors who have no formal interest in the matter. In deciding whether to authorise a potential or actual conflict, the non-conflicted directors are required to act in the way they consider would be most likely to promote the success of the Company, and they may impose limits or conditions when giving authorisation. The Board applied the Conflicts Policy throughout 2021, and the relevant procedures for authorisation of potential or actual conflicts were followed. The Board believes that there is currently no compromise to the independence of any director arising from an external appointment or any outside commercial interest.

Q&A

Barry Panayi on joining Reach



What attracted you to join Reach?

For me, it was the investment in digital and the focus on driving engagement through insight and data-driven personalisation. The combination of Reach's strong core purpose rooted in national and regional journalism along with the digitalisation drive is pretty unique. I was excited by this ambitious focus, and the early signs that the customer and data strategy is on the right track.

What are your first impressions of Reach and its culture?

Reach's culture is clear and transparent across the business, with the Board setting the tone from the top. The discussions at the Board reflect that the Company and its people are passionate about Diversity and Inclusion, which is so important given that we need to reflect our readership as we're not just one title. It's also a genuine and supportive culture, with clear messaging and the strategy flowing through all activities and conversations, which is critical during transformation.

What skills are you bringing to the role?

Digitalisation and data have been my focus for decades and I've seen how personalisation works and doesn't work in other industries, so I'm excited to bring my expertise to this element of the strategy.

The Board is well-balanced, with expertise across different areas. I'm hoping my experience in delivering data-driven transformation will bring a new angle to our decision-making process.

What are you personally most excited about going forward?

I'm excited by the absolutely critical role that data plays in the strategy, which means my expertise can add real value to the conversation. I'm looking forward to working more closely with executives on this and offering myself as a sounding board.

I'm also keen to get out and meet colleagues in the business, especially those starting out on their career paths, in particular those who are thinking about going into digital and technology. It would be great to speak to them about their aspirations and what Reach can do to help them fulfil their potential.

How does Reach's purpose resonate with you?

To me, the purpose is about telling real life stories in the right areas in the right way that can be trusted by our audience. I wouldn't have been able to take on a role where I thought we weren't doing some good and giving people trusted sources of news and entertainment.

Sustainability Committee Report

To review, challenge and oversee



As a purpose-led organisation, we are committed to creating a sustainable future. As well as long-term profitable growth for the business, this means ensuring that our activities do not damage our society and the planet while using the power of our campaigning to advance causes that improve the lives of people in our communities.

Helen Stevenson
Sustainability Committee Chair

In recognition of the increasing importance placed on Environmental, Social and Governance (ESG) matters by the Board and all stakeholder groups, we established a Sustainability Committee (the Committee), as a formal Board Committee, to review, challenge, oversee and support the Company's approach to sustainability and its wider ESG strategy. The Committee comprises the non-executive directors, and in November 2021 I was appointed as Committee Chair.

We recognise that the ESG landscape is moving quickly from a regulatory and market practice perspective, and that stakeholder expectations are growing at speed. At Reach, we already have many important ingredients of a strong and credible ESG approach in place: solid environmental approach and data collection; substantial focus on Diversity and Inclusion; desire to operate as a purposeful company; and use of our editorial voice and reach to campaign behind important social issues. Having reviewed our activities, there is an opportunity both for the Company to communicate the good work we already do on ESG in a more formalised and structured way, and also to consider a more strategic and measurable approach to prioritisation and resourcing.

At our first formal meeting, we reviewed the overall ESG landscape and Reach's position within this. As part of this, we looked at our strengths, weaknesses, areas of opportunity and potential threats, and we reviewed a gap analysis that had been undertaken on our current ESG approach against peers and ESG rating agencies.

We also agreed our plan going forward, and in early 2022, we will conduct a materiality assessment.

ESG disclosures and a sustainability strategy will be developed which will include all objectives, metrics and targets. As a Committee, we will critically review this before recommending to the Board for approval. We'll also look to develop a plan and timeline for achieving net zero.

Regarding our obligation to the Task Force on Climate-related Financial Disclosures (TCFD), we plan to expand our response to the requirements during 2022. For more information on climate-related matters, please see pages 41 to 45 of the Strategic Report.

Helen Stevenson
Sustainability Committee Chair

1 March 2022

Role of the Committee

The role and responsibilities of the Committee are set out in its terms of reference which are available on the Company's website, www.reachplc.com.

The role of the Committee is to:

- review, challenge, oversee and recommend for Board approval the sustainability strategy, and any sustainability-related commitments communicated externally in support of the Group's corporate purpose;
- embed, review, challenge, oversee and support the sustainability strategy, management initiatives and their performance, to ensure a coherent and consistent approach is adopted across the Group;
- be responsible for the oversight of, and review of, relevant internal reporting regarding the implementation of the sustainability strategy;
- keep up to date with ESG best practice and thought leadership, keeping under review the extent and effectiveness of the Group's external reporting of relevant sustainability performance, and its participation in external benchmarking indices;
- consider the appropriateness of the Group's position on relevant emerging sustainability issues; and
- be responsible for the oversight of Diversity and Inclusion matters, people and community engagement and monitoring of corporate culture in support of the Group's purpose and values, reporting to the Board on such matters as appropriate.

For more information on sustainability, see pages 31 to 51.

Understanding our stakeholders and the issues that matter

Following on from our initial review of the ESG landscape as outlined on the previous page, our long-term plan now is to ensure we have a strategy where the focus is on the most important and biggest-impact initiatives.

To establish where these areas are, we will be carrying out an extensive materiality assessment in early 2022, to better understand the issues that our diverse stakeholders are most focused on in order to develop our strategy and approach to disclosure. Our approach will be in line with industry recognised AA1000 standards.

We will be engaging with both internal and external stakeholders via surveys and one-to-one interviews, encompassing all areas of ESG to establish the relative impact and importance of each material topic.

External issues increasing in importance and emerging issues will also be monitored to ensure a full coverage of sustainability topics. How establishments we currently report to, such as CDP, ISS and FTSE, prioritise issues will also be taken into account.

The Sustainability Committee Chair will review progress throughout the process, with the final set of material issues challenged and approved at our Board strategy day in spring 2022. This materiality process will help us to further shape our approach to sustainability moving forward.

Setting our strategy for the future

Conducting a detailed materiality assessment is an important stage of our journey to gaining a deeper understanding into our stakeholders' sustainability focus areas and assessing the ESG-specific opportunities and risks that face Reach in the future. Following this, we will be reviewing our policies, metrics and targets in relation to our material issues, and are committed to ongoing dialogue with stakeholders to report on our progress.

Setting our target for net zero

Currently, we are on track to achieving our five-year target of 75% reduction by 2025 for total Scope 1 and 2 greenhouse gas (GHG) emissions.

In tandem with the materiality assessment, Reach will engage with a third party to undertake a net zero study and a decarbonisation plan to achieve our long-term ambition of net zero.

Currently, we measure emissions from our own operations and key elements of our supply chain annually, and prioritise reductions in the highest-emitting areas, including working with major suppliers in reducing their associated emissions.

We aim to expand our Scope 3 GHG emissions reporting, to ensure we are tackling all areas under our control and those we can influence, to enable us to set a net carbon zero target.

Our approach to providing a pathway to a net zero commitment follows the Paris agreement and IPCC guidelines to eliminate GHG emissions by 2050. For areas where we cannot avoid or reduce emissions, we will aim to remove the equivalent GHG emissions using the most robust verifiable schemes.



Conducting a detailed materiality assessment is an important stage of our journey to gaining a deeper understanding into our stakeholders' sustainability focus areas.

Audit & Risk Committee Report

Audit, risk and internal controls



Focused on reviewing broader risk management-related matters outside of the financial reporting cycle.

Anne Bulford CBE
Audit & Risk Committee Chair

Committee membership and attendance

The Committee solely comprises independent non-executive directors. The members of the Committee, including their attendance at meetings during the period, is set out in the table below.

Anne Bulford (Chair)	6/6
Steve Hatch	6/6
David Kelly	6/6
Barry Panayi	1/1
Helen Stevenson	5/6*
Olivia Streatfeild	6/6

* Helen Stevenson was unable to attend due to a pre-existing appointment.

I am pleased to report on the work of the Audit & Risk Committee (the Committee) in 2021.

The Committee fulfils an important oversight role, monitoring the effectiveness of the Group's system of internal controls and risk management framework, and reviewing the integrity of the Group's financial reporting. The principal role of the Committee is to assist the Board in fulfilling its responsibilities and providing valuable independent challenge in relation to financial reporting and financial controls.

In 2021, we also spent more time as a Committee on broader risk management-related matters outside of the financial reporting cycle. We undertook a more detailed review into a number of key risk areas through conducting deep dives. Through these, oversight was provided to ensure comprehensive measures were in place to safeguard the health and safety or wellbeing of our employees, to mitigate the risk of disruption in our supply chains, and to deliver a comprehensive cyber security posture for Customer Value Strategy assets.

We also held a deep dive on data protection, and following a review of the key risks and challenges faced, the Committee endorsed the acceleration of the data protection roadmap and the provision of additional resource to support this project, which is crucial to delivering our strategy. As part of this, we also approved and adopted a new Data Protection Policy.

The Board has confirmed that it is satisfied that the members of the Committee are independent, and as a whole have competence relevant to the sector in which the Group operates, gained from their respective external roles, previous and present. Committee member biographies are set out on pages 69 to 71.

Anne Bulford, the Committee Chair, is considered by the Board to have recent and relevant financial experience for the purposes of the FRC's UK Corporate Governance Code July 2018 (the 2018 Code).

At the invitation of the Committee Chair, the Chairman, CEO and CFO, along with the Deputy CFO, the Group Financial Controller and the Head of Risk and Internal Audit attended all meetings during the year in order to maintain effective and open communications. The external auditors, PricewaterhouseCoopers LLP (PwC), attend meetings and have direct access to the Committee should they wish to raise any concerns outside of the formal Committee meetings.

In 2022, the Committee will focus on the Company's evolution to a digital customer-data driven organisation and ensuring it has the right control and reporting infrastructure to support this.

Anne Bulford CBE
Audit & Risk Committee Chair

1 March 2022

Role of the Committee

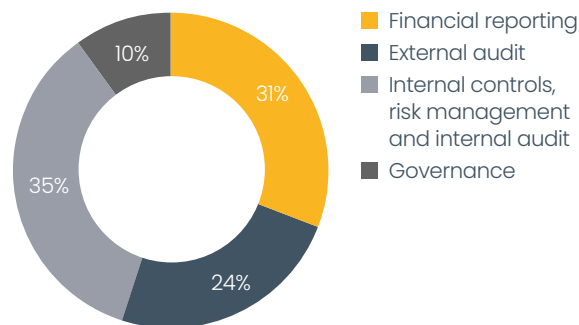
The role and responsibilities of the Committee are set out in its terms of reference which are available on the Company's website, www.reachplc.com. The key objectives of the Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the external auditors.

Further details on the responsibilities of the Committee are as follows:

- monitor the financial reporting process including the monitoring of the integrity of the financial statements of the Company, including its annual and half-year financial results;
- review and assess the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable;
- monitor the statutory audit of the annual, and the review of the half-year, consolidated financial statements;
- review significant financial reporting issues;
- recommend to the Board the appointment of the external auditors and approve their remuneration and terms of engagement;
- monitor and review the external auditors' independence, objectivity and the effectiveness of the external audit process, including considering relevant UK professional and regulatory requirements, including the appropriateness of the provision by the auditors' of non-audit services;
- monitor and review the effectiveness of the internal control and risk management systems, including the internal audit function; and
- review and approve the remit of the internal audit function and ensure the function has the necessary resources and is able to meet appropriate professional standards for internal auditors.

The Board's responsibility for the assessment of risk is delegated to the Committee.

Use of Committee meeting time in 2021



In addition to planned activities and workload, the Committee also:

- undertook a detailed review and scrutiny of wider risk areas, with deep dives being conducted on cyber risk, data protection, supply chain risk and mental health, wellbeing and health and safety;
- received an update on data protection and approved and adopted a new Data Protection Policy; and
- approved and adopted a new Non-Audit Services Policy.

Annual Report

The Committee has undertaken a review and assessment of the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides shareholders with the information they need to assess the Group's position, performance, business model and strategy.

In doing this, the Committee has:

- considered the results of an internal review performed by a senior chartered accountant not involved in the preparation of the Annual Report;
- reviewed and discussed the findings from the external auditors' as part of the 2021 year-end audit; and
- fully discussed the Annual Report at the Committee meeting in February 2022.

Following a robust process, the Committee recommended to the Board that the Annual Report is, taken as a whole, fair, balanced and understandable.

Going concern and viability statement

The Company is required to include in its Annual Report statements relating to going concern and viability. The Committee reviewed and discussed a report from management and concluded that the financial statements can be prepared on a going concern basis, and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. The directors assessed the prospects of the Group over a three-year period as it enables the directors to consider the investment required to drive growth in digital and the impact of declining print revenues. The Group's going concern statement is set out on page 132 and the viability statement is set out on page 65 of the Strategic Report.

Interactions with the Financial Reporting Council (FRC)

In February 2021, the Company received a letter from the FRC regarding 2018 Code reporting, suggesting areas for consideration in the Company's future reporting. Reporting on the areas raised, including company culture and purpose, and succession planning and diversity, have been enhanced in the 2020 and 2021 Annual Reports.

In October 2021, the Company received a letter from the FRC regarding a thematic review of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' in respect of the 2020 Annual Report. The Company confirmed that it will include additional disclosures in its 2021 Annual Report to address the matters raised.

Audit & Risk Committee Report continued

FRC's Audit Quality Review

The Company received a letter on 18 October 2021 from the FRC noting that it had carried out a review of PwC's audit of the Company's financial statements for the year ended 27 December 2020. We were pleased with the outcome of the FRC's Audit Quality Review which reported no key findings and a number of good practice matters.

External auditors

Auditors' appointment and independence

PwC was appointed by shareholders as the Group's statutory auditors in 2019 following a formal tender process. The external audit contract will be put out to tender every 10 years. It is the Committee's current intention to tender its audit services by no later than 2028. The lead audit partner at PwC is rotated at least every five years to ensure continuing independence. PwC notified the Company that the lead audit partner for the 2019 and 2020 audits was transferring to a different role. The new lead audit partner, Colin Bates, has been in post since the start of 2021, having shadowed the previous partner for the conclusion of the 2020 audit. PwC has indicated its willingness to continue in office and shareholders' approval will be sought at the AGM on 5 May 2022.

The Company has complied with the provisions of the Statutory Audit Services Order 2014 relating to the UK audit market for large companies throughout the year. There are no contractual obligations that restrict the Company's choice of external auditors.

During the year, private meetings were held with PwC to ensure there were no restrictions on the scope of their audit, and to discuss any items that the external auditors did not wish to raise with the executive directors present.

The Committee is satisfied that there are no relationships between the Company and the external auditors, its employees or its affiliates that may reasonably be thought to impair the external auditors' objectivity and independence.

The Committee formally reviews the effectiveness of the external auditors in July each year, and considers

the results of a survey sent to directors and senior managers, including the Executive Committee and members of the Finance team, containing questions on independence, planning, expertise and resources, the audit process, communications and fees. A full report of the results was reviewed by the Committee, which concluded that the external auditor's performance remained effective. The effectiveness review of PwC for the 2021 audit will be carried out in the coming months.

Specific issues demonstrating the effectiveness of the auditors throughout the year include the auditors and Committee debating and challenging whether certain pensions assumptions fell within a reasonable range, and developing and agreeing the principles of a future provisions claims model for historical legal issues.

In addition, the effectiveness of the external auditors is closely monitored on an ongoing basis, and there is a regular cycle of meetings between the Company and PwC where audit planning and process is discussed, and any issues can be raised. This includes monthly meetings between the CFO and the lead audit partner, and a meeting between the Committee Chair and the lead audit partner before each scheduled Committee meeting. In audit periods, weekly meetings are held between the Finance team and PwC to discuss progress on deliverables and resolve any issues in real time.

Non-audit services

The Group has a formal policy on the engagement and supply of non-audit services, to protect the objectivity and independence of the external auditors and to avoid a conflict of interest. The policy is in line with the recommendations set out in the FRC Guidance on Audit Committees and the FRC's 2019 Revised Ethical Standard. Generally, the external auditors will not be engaged to provide any additional services other than audit-related services, including the review of the interim financial information and loan covenant reporting.

There may, however, be circumstances where it could be in the Company's and shareholders' interests if the external auditors were engaged. Such circumstances are likely to relate to either exceptional transactions or those deemed not to be of a material nature.

Approval from the Committee must be obtained before the external auditors is engaged to provide any permitted non-audit services, which are detailed in the policy. For permitted non-audit services that are clearly trivial, the Audit & Risk Committee has pre-approved the use of the external auditors subject to the following limits:

Value of service requested	Approval required prior to engagement of the external auditors
Up to £25,000	Chief Financial Officer
£25,000 to £50,000	Audit & Risk Committee Chair
£50,001 and above	Audit & Risk Committee

Where non-audit work is performed by PwC, steps are taken to safeguard auditors objectivity and independence, including a different team of people working on the task.

Details of the fees paid to PwC for the financial period ending 26 December 2021 can be found in note 6 in the notes to the consolidated financial statements. In 2021, the approved non-audit fee items provided by PwC related to the interim review, loan covenant accounting and provision of access to the PwC accounting website. The spend in relation to these services was £128,800 totalling 10% of the overall fees paid. The Committee was satisfied that the non-audit services purchased were in line with the non-audit services policy and did not compromise the independence of the auditors.

The Committee is satisfied that the Company was compliant during the year with both the 2018 Code and the 2019 Revised Ethical Standard in respect of the scope and maximum level of permitted fees incurred for non-audit services provided by PwC.

Significant matters considered by the Committee in relation to the financial statements

The Committee has assessed whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements on significant issues. The Committee reviews accounting papers prepared by management which provide details on the main financial reporting judgements. The Committee also reviews reports by the external auditors on the full-year and half-year results which highlight any issues with respect to the work undertaken. After receiving reports on the significant issues and after discussion with PwC, the Committee agreed that the judgements made by management were appropriate.

The Committee considered the following significant issues in relation to the 2021 financial statements:

Critical estimate / key judgement	How the Committee addressed the issue
Impairment reviews in respect of the carrying value of assets on the consolidated and parent company balance sheets	The Committee received detailed papers from management in respect of the impairment reviews in relation to the carrying value of assets on the consolidated and parent company balance sheets. The Group's consolidated balance sheet has material goodwill and other intangible assets (publishing rights and titles), and the parent company balance sheet has material investment in subsidiary undertakings. The Committee needs to assess whether the carrying value of assets of a cash-generating unit are impaired and are carried at no more than their recoverable amount (the higher of fair value less costs of disposal and value in use) in the consolidated balance sheet. The Committee also assesses whether the carrying value of investments are impaired and are carried at no more than the recoverable amount (the higher of fair value less costs of disposal and value in use) in the parent company balance sheet. The value in use has been calculated using a discounted cash flow model, and the fair value has been considered based on the value of the Group with costs of disposal considered to be minimal. The discounted cash flow model has been prepared based on the final budget for 2022, and then high level projections for the period 2023 to 2031. There are a number of judgements made in setting the assumptions that underpin the model: • the projections are management's best estimate of the future performance of the Group which are subject to risk and uncertainties as set out in the Annual Report; • the key assumptions in the projections relate to the continuation of print declines, of digital growth and the associated change in the cost base as a result of the changing revenue mix; • the long-term growth rate has been set at 0% from year 10; • capital expenditure has been based on expected run rates over the next 10 years; • tax has been modelled based on the expected future tax rates at the balance sheet date; and • the weighted average cost of capital post tax rate of 10.8% (2020: 10.9%) is calculated after due consideration of market factors impacting the rate and items that are specific to the Group, such as the current capital structure and the best estimate of future movements in the capital structure. The value in use from the discounted cash flow model is in excess of the carrying value of assets of the cash-generating unit resulting in no impairment (2020: nil) being required in respect of the carrying value of assets on the consolidated balance sheet. Management also considered sensitivity scenarios which highlighted that no impairment would be required. The impairment review in respect of the carrying value of investments in the parent company balance sheet resulted in no impairment charge (2020: nil). The impairment review is highly sensitive to reasonably possible changes in key assumptions. The Committee noted that the Company has distributable reserves of £177.4m together with a merger reserve of £25.3m which provide sufficient headroom against any risk of a reduction in distributable reserves (and therefore ability to pay a dividend as a result of an impairment to the carrying value of investments). The Committee members reviewed in detail the papers supporting the impairment review ensuring consistency with Board discussions relating to the budget and the progress on the Customer Value Strategy which underpin the digital growth in the projections (all members of the Committee are Board members). The Committee also reviewed the consistency of the current year model with the prior year model.

Audit & Risk Committee Report continued

Impairment reviews in respect of the carrying value of assets on the consolidated and parent company balance sheets continued

The external auditors challenged the conclusions and considered any external factors which may change the conclusions of the review. The external auditors also undertook a detailed review of the assumptions and of the model supporting the papers.

In reaching its conclusion on the impairment review the Committee considered the papers prepared by management and the external auditors. The Committee noted the comparisons to external forecasts (which were supportive of the projections) and sensitivity analysis (which showed sufficient headroom).

The Annual Report contains disclosure of the Critical Judgements in applying the Group's accounting policies, the key factors relating to the impairment reviews and the conclusions reached (note 3 and note 16 in the notes to the consolidated financial statements, and note 2 in the notes to the parent company financial statements).

Impairment is not considered a principal risk for the Group, as identified on pages 60 to 64 of the Strategic Report, as it relates to historical transactions with no future cash impact, nor is there any impact on the financial covenants for the Group's debt facilities.

Consideration was also given to the continued adoption of the indefinite life assumption in respect of publishing rights and titles, and in assessing the publishing rights and titles with reference to a single publishing cash-generating unit.

The appropriateness of a single cash-generating unit for the publishing rights and titles:

The assumption is considered at each reporting date and is a Critical Judgement in applying the Group's accounting policies.

The Group has over the past few years reduced the number of cash-generating units as the interdependency of revenues has increased. The Group is a content business with content delivered through multiple brands. The brands have traditionally been in print and are transitioning to digital. The challenges facing the brands has resulted in the Group becoming more integrated to such an extent that the interdependency of revenues across the network of brands is significant. As such, assessing the publishing rights and titles with reference to a single publishing cash-generating unit, whose cash flows are interconnected, is deemed to be the most appropriate treatment. There has been no change to the assessment of this Critical Judgement.

The indefinite life assumption in respect of publishing rights and titles:

The assumption is considered at each reporting date and is a Critical Judgement in applying the Group's accounting policies.

The Group has, from first recognition to the latest results announcement, consistently adopted an indefinite life assumption for its publishing rights and titles. Indefinite life intangible assets are not amortised. The Committee noted that indefinite is not the same as infinite (that is, limitless in extent). The brands have delivered trusted news to readers for many years in print and more recently in digital. The brands are core to our digital strategy, either directly or indirectly. In support of the assumption, management have prepared 10-year illustrative projections which highlight that print will continue to be significant, and that digital will be increasingly significant. Based on the Group's strategic focus and the illustrative projections, it is considered that there is no foreseeable limit to the period over which the net cash inflows are expected to be generated from the publishing rights and titles and that the current carrying value will be supported for the foreseeable future. As such, continuing to adopt the indefinite life assumption in respect of publishing rights and titles is deemed to be the most appropriate treatment. There has been no change to the assessment of this Critical Judgement.

Pensions

At each reporting date, the Group's actuaries, Willis Towers Watson (WTW), undertake a detailed calculation of the IAS 19 valuation of the Group's defined benefit pension schemes and of the specific financial disclosures in the financial statements.

The assumptions are agreed by management after taking advice from WTW. This includes external benchmarking of the key assumptions by WTW.

Independent investment manager confirmations are received for all investment assets and confirmation is received from the scheme administrators for all scheme bank accounts.

An executive summary and a detailed report prepared by WTW setting out the methodology, judgements, assumptions and conclusions is presented to the Committee for review. The assumptions regarding the discount rate, inflation rates and demographic assumptions are reviewed by the Committee.

The external auditors perform a detailed review of the reports prepared by WTW and of the methodology, judgements and assumptions used for the valuation, including external benchmarking and testing in respect of the investment assets and bank accounts.

Full disclosure of the Group's pension schemes is in note 20 in the notes to the consolidated financial statements. Disclosure of the valuation, the approach to setting assumptions and the sensitivity of the valuation to changes in the key assumptions are disclosed also in note 20 in the notes to the consolidated financial statements.

Pension schemes are included in one of the Group's principal risks that are set out in the risks and uncertainties section on pages 60 to 64 of the Strategic Report. This sits under the wider lack of funding capability risk which sets out the pensions risk and mitigating management action.

Historical legal issues

The Group is exposed to civil claims in relation to historical phone hacking. This is a standing item on the Board agenda and therefore is not specifically an agenda item for the Committee. The Committee does assess the appropriateness of any provisions in relation to these matters and other implications on the consolidated financial statements, and that the Annual Report contains sufficient disclosure of such matters. Disclosures relating to the latest position are set out on page 56 of the Strategic Report and in note 26 in the notes to the consolidated financial statements.

The external auditor's report to the Committee details the procedures undertaken by them and their discussions with management, and this is discussed in detail by the Committee.

Historical legal issues are included in one of the Group's principal risks that are set out in the risks and uncertainties section on pages 60 to 64 of the Strategic Report. This sits under the wider lack of funding capability risk which sets out the Historical Legal Issues risk and mitigating management action.

Restructuring and impairment charges

The Group has recorded significant restructuring and impairment charges in respect of the transformation programmes undertaken during the current and prior year. The Committee reviewed the inclusion of these items in operating adjusted items and the disclosures in the Annual Report.

Impact of COVID-19 on business operations

This is an item on the Board agenda and therefore is not specifically an agenda item for the Committee. The Committee has assessed the implications on the consolidated financial statements and that the Annual Report contains sufficient disclosure in respect of going concern and viability and the operating adjusted items. The impact of COVID-19 is considered within the principal risks and uncertainties section in the Strategic Report.

Audit & Risk Committee Report continued

Risk management

The Board is responsible for ensuring sound internal control and risk management systems are in place. During 2021, there was an ongoing process for identifying, evaluating and managing the significant and emerging risks faced by the Company, including those exacerbated by the COVID-19 pandemic. The process is subject to regular review by the Board and by the Committee. The process accords with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, as applicable for this financial year.

The Committee regularly reviews the risk map which details a description of the risks, an assessment of the impact on the business, probability of occurrence, management accountability, applicable policies, sources of assurance, risk factors and associated actions. It is a valuable source of information for reference. During 2021, principal and emerging risks were identified, assessed and reviewed by impact and probability, and the Board reconfirmed its view of the Group's appetite for risk and how this manifests itself in the way the Group conducts its business.

The Committee undertook a more detailed review of a number of key risk areas during the year, including cyber security, data protection, supply chain and the health and safety, including wellbeing, of our employees.

The way the Company manages risk is set out in the Strategic Report on pages 58 and 59, with the key risks facing the Group and the associated mitigating actions described on pages 60 to 64.

Internal controls

The directors are responsible for the Group's established system of internal control and for reviewing its effectiveness. The directors confirm that the actions they considered necessary have been or are being taken to remedy any failings or weaknesses identified from their review of the system of internal control. This has involved considering the matters reported to them

and developing plans and programmes that they consider are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting. No system of internal control can provide absolute assurance against material misstatement or loss. However, such a system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

Although the Board's overall responsibility for internal control is recognised, the positive contribution made by senior management to the establishment and ongoing development of internal controls within the Group is acknowledged. In reviewing the effectiveness of our system of internal controls, the Board has taken into consideration a number of key elements including: financial controls, investment controls, management reporting and the various review, steering, policy and Board Committees.

The key procedures that have been established and designed to provide effective internal financial control are:

Financial reporting

Part of the budgeting, forecasting and comprehensive management reporting discipline, involves the preparation of detailed annual budgets and regular forecasts by the business. These budgets and forecasts are carefully examined by the executive directors and are then summarised and submitted to the Board for approval. Weekly revenue and profit forecasts are prepared and reported against the approved budget and latest forecasts. Weekly trading meetings are held to review and discuss latest performance.

Consolidated monthly management accounts, including detailed revenue and profit analysis with comparisons to budget, latest forecasts and prior year, and including treasury, health and safety and risk updates, are prepared providing relevant, reliable and up-to-date financial and other information to the Board.

Investment appraisal

The Group has a clearly defined framework for capital expenditure which is controlled centrally. Appropriate authorisation levels and limits are clearly established. There is a prescribed format for capital expenditure applications which places a high emphasis on the overall Group strategy or support for the expenditure, and requires a comprehensive and justified financial appraisal of the business case being put forward. All significant corporate acquisitions or investments are controlled by the Board or a Board sub-committee, and are subject to detailed investment appraisal and performance of due diligence procedures prior to approval by the Board. Additionally, an Investment Committee, which is a management committee, is held on a monthly basis to review key business cases prepared by management.

Functional reporting

A number of key functions, including treasury, taxation, internal audit, risk management, litigation, IT strategy and development, environmental issues and insurance, are dealt with centrally. Each of these functions reports to the Board on a regular basis, through the CEO or CFO, as appropriate. The treasury function operates within the terms of clearly defined policy statements. The policy statements exist to ensure that the Group is not exposed to any unnecessary risk and that, where appropriate, there is hedging against foreign currency and interest rate risks.

Effectiveness of risk management and internal controls system

The Board has overall responsibility for the Company's system of risk management and internal controls. In accordance with the 2018 Code, the Committee carries out a robust assessment of the principal and emerging risks, and reviews the effectiveness of the Company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls.

The Committee's assessment includes a review of the risk management process, a review of the principal and emerging risks and uncertainties, and the risk map.

The Committee reviewed reports from internal audit which provide reasonable assurance that internal control procedures remain in place and are being followed. Formal procedures have been established for taking appropriate action to correct weaknesses identified from the above reports. The reviews did not identify any significant failings or weaknesses in the system of risk management and internal control. The Committee confirms that necessary actions have been or are being taken, where failings or weaknesses were identified that were not of a material nature. The key risks and uncertainties are set out on pages 60 to 64 of the Strategic Report. The Committee has considered that the appropriate systems are robust, in place, adequate, and are operating properly.

The Committee believes that the Company's remuneration policy is adequate for a group of this size and nature, and that compensation policies and practices are appropriate for maintaining a robust control environment and do not put the Company at risk.

Risk management and internal controls compliance

The following illustrates how the risk management process and the system of internal control operated during 2021:

Group Internal Audit

The internal audit function focuses on enhancing the Group's internal controls. It has an annual plan based on a rolling programme and specific risk-based audits which is approved by the Committee annually. Internal audit sits independently of the business with no responsibility for operational management.

The Head of Risk and Internal Audit is a chartered accountant with many years of internal audit experience at the Company. He oversees an internal audit programme using the services of external service providers, as necessary. The internal audit plan, being risk based, has a focus on those areas which are deemed critical to the achievement of business objectives.

The Committee oversees the performance of the internal audit function through the Head of Risk and Internal Audit's attendance at Committee meetings. In addition, a review of the effectiveness of the internal audit function was undertaken for the financial year.

The Committee concluded that the function continues to operate effectively.

Risk management framework

The executive directors, assisted by the Head of Risk and Internal Audit, oversee and co-ordinate the risk management activities of the Executive Committee.

The agreed objectives for the risk management framework have been achieved during 2021 and all significant risks have been reviewed. A risk map has been developed and regularly updated to show the actions taken to minimise risks throughout the Group, the policies in force, and the other sources of assurance upon which reliance is placed to mitigate risk.

To enable consistent and focused monitoring, reporting, evaluation and management of significant Group risks, the executive director owner of each key risk and the relevant senior managers have reviewed the plans, actions and initiatives which have taken place or are underway, and documented them in the risk map.

Year-end compliance reporting

A formal process exists for year-end compliance reporting, requiring executive directors and senior managers across the Group to confirm their responsibilities for risk management and internal control. Ultimate compliance reporting is required of each and every Board member.

Steps have been taken to embed internal control and risk management further into the operations of the business, and to deal with areas for improvement which come to the attention of management and the Board.

The Group's systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Whistleblowing charter and procedure

The Group has a whistleblowing charter in place and provides a confidential, independent whistleblowing line where employees may report any concerns about the integrity of the business or breaches of the Group's policies without fear of criticism or future discrimination.

The whistleblowing charter is supported by an independent external service provider and arrangements are overseen by the Head of Risk and Internal Audit. The whistleblowing charter is owned by the Committee with oversight from the Board.

The Head of Risk and Internal Audit oversees the investigation of all whistleblowing cases involving relevant resource, as necessary. The Committee Chair and the CEO are informed of all cases as they arise. The Committee reviews all information received to ensure the process is working correctly, and formal reporting to the Committee occurs three times a year. Overall, we remain satisfied that the whistleblowing policies and procedures are robust and adequate. The Board also reviews the arrangements for raising concerns in confidence and reports arising from them. More information can be found on page 46 of the Strategic Report.

Remuneration Report

Our three-year TSR placed us first in the FTSE SmallCap



“

2021 was a year of good progress for Reach.

Olivia Streatfeild
Remuneration Committee Chair

Committee membership and attendance

Olivia Streatfeild (Chair from 1 July 2021)	5/5
David Kelly (Chair until 1 July 2021)	5/5
Anne Bulford	5/5
Steve Hatch	5/5
Barry Panayi (from 13 October 2021)	2/2
Nick Prettejohn	5/5
Helen Stevenson	4/5

On behalf of the Board, I am pleased to present to you the Remuneration Report for 2021.

I would like to thank my colleague non-executive director David Kelly for his work as the previous Remuneration Committee Chair and I am grateful that David continues to serve on the Remuneration Committee (the Committee).

Our report is split into two parts: this Annual Statement, which includes a foreword from me and our ‘at a glance’ summary on page 100, and the Annual Remuneration Report. For information, the Directors’ Remuneration Policy which was approved by our shareholders at our Annual General Meeting (AGM) on 6 May 2021 can be found within the Company’s Annual Report and Accounts for 2020 which is available on the Company’s website at www.reachplc.com/financial-information/annual-reports.

I would like to thank our shareholders for their support on remuneration matters at our 2021 AGM, when our revised Directors’ Remuneration Policy (the policy), was approved by 94.64% of shareholders voting and our 2020 Directors’ Remuneration Report was approved by 99.57% of shareholders voting.

As noted earlier in the Strategic Report section of our Annual Report, 2021 was a year of good progress for Reach. The Committee particularly noted the following aspects of our performance:

- Overall revenue growth driven by strong digital growth and a resilient print performance;
- Progress on our Customer Value Strategy metrics with over 9m customer registrations;
- Growth in overall digital average revenue per user (ARPU); and
- Continuation of shareholder value growth, with the Company admitted to the FTSE 250 in August 2021.

In the year, we also maintained our focus on wider employee pay:

- All employees who had a 10% salary reduction in 2020 linked to COVID-19 related cost controls saw these amounts repaid in 2021;
- Our all-employee share plan matured in December 2021, with participating employees (86% of our total workforce in December 2021) in most cases each receiving shares worth £750 (pre-tax) at vesting; and
- In September 2001, we launched our first HMRC tax advantaged sharesave plan since 2006.

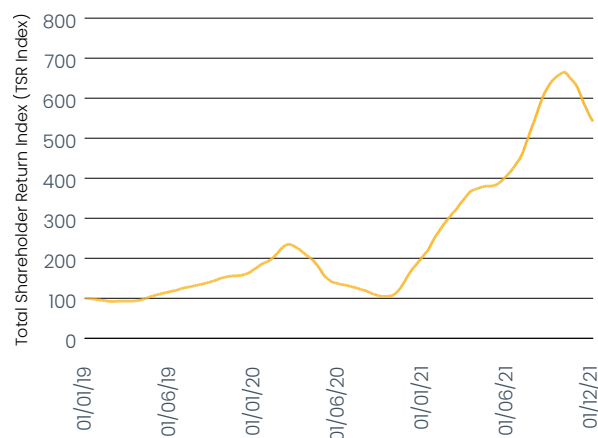
Our positive performance in 2021 was achieved in a year when no staff were furloughed and no other form of COVID-19 related assistance from the UK Government was received by the Group.

Against this background, the Committee considered it appropriate for 2021’s annual bonus outcomes to be allowed to apply without further moderation. In accordance with our policy, bonus outcomes for executive directors earned above 50% of base salary are deferred into awards of restricted shares for three years, and therefore our CEO’s and CFO’s cash bonuses for the year were 50% of base salary, and they will receive awards of restricted shares worth 38.54% and 20.83% of base salary respectively.

Our financial year-end 2021 was also the end of the three-year Long Term Incentive Plan (LTIP) performance period (financial years 2019, 2020 and 2021) for the first LTIP awards granted to our CEO and CFO after they joined Reach in 2019. The relevant LTIP performance conditions were achieved at 100%. The performance which underpinned this attainment level was a mix of Cumulative Net Cash Flow and our absolute growth in total shareholder return (TSR) across the period. As a further point of reference, our absolute TSR performance in the period of circa 450% growth (as shown below, measured on a three-month average basis) was the strongest shown by any FTSE SmallCap company in that period.

Stepping back from the detail of this performance, the Committee was satisfied that the turnaround in the Company's performance in the period since 2019 has benefitted all stakeholders materially, and in this regard we have considered our shareholders, and also our staff, our pensioners and our customers. Reach is also now in a much stronger position to continue making the positive contribution to UK society that is possible from a leading independent news organisation. As a Committee, we believe that the centrality to that progress of our CEO's and CFO's contribution should be recognised.

Absolute TSR performance (3-month average)



Although the first cycle of LTIPs is recorded in our 2021 Directors' Remuneration Report as being performance vested, under our policy the vested shares will not be released to the executive directors until 2024, and accordingly our executive directors remain appropriately aligned to the experience of our shareholders in the further period until release of those shares.

The Committee exercised what it regards as normal commercial judgement in respect of directors' remuneration (and in all cases in line with the Company's Directors' Remuneration Policy), including in relation to:

- setting performance metrics for annual bonuses and LTIPs in the year; and
- confirming the outcome of performance metrics for annual bonuses and LTIPs in the year.

There were no other exercises of judgement or discretion by the Committee save as detailed in this report.

Operation of our Remuneration Policy in 2022

As I noted earlier in this Annual Statement, our shareholders gave strong support to our Directors' Remuneration Policy at our 2021 AGM, and our intention is to continue to operate our Remuneration Policy in 2022 in a way that is closely aligned with how our policy was applied in 2021.

Coming to that position has, however, involved a thorough examination of whether our policy as currently constituted continues to best support the long-term interests of all our stakeholders. The turnaround at Reach remains dynamic, and if it becomes appropriate to propose further changes to remuneration structures to best support the positive trajectory for Reach being driven by our leadership team, we may do so. However, as in the past, we would only seek to make changes which we believe are measured and appropriate, and which align to our wider culture.

Matters to be approved at our 2022 AGM

At the 2022 AGM, shareholders will be asked to approve the Directors' Remuneration Report; this will be the normal annual advisory vote on the report.

We will also propose a resolution which is largely technical that extends the Company's ability to satisfy share awards using newly issued shares for awards made under an existing share plan for senior managers (the Senior Managers' Incentive Plan or SMIP). The SMIP can also be used for deferred bonus awards for senior managers. All of Reach's share plans apply the standard share plans' dilution limits. Executive directors cannot participate in the SMIP.

I hope that our shareholders remain supportive of our approach to executive pay at Reach and vote in favour of the resolution on the Directors' Remuneration Report to be tabled at the 2022 AGM.

As in past years, I would like to assure all our shareholders that the Committee welcomes all input on remuneration matters, and if you have any comments or questions on any element of the Remuneration Report, please email me, care of Lorraine Clover, Group Company Secretary at company.secretary@reachplc.com. We are grateful for the guidance and support which we have received from our shareholders on remuneration matters in the last year.

Olivia Streatfeild
Remuneration Committee Chair

1 March 2022

2021 Remuneration at a glance

2021 Single total figure of remuneration for current executive directors (£'000)

Current executive directors (£'000)	Salary	Taxable benefits	Single-year variable	Multiple-year variable	Pension benefits	Total
Jim Mullen	488	25	434	3,105	37	4,089
Simon Fuller	381	25	271	2,669	45	3,391

Aligning annual bonus with progress against our strategy

Delivering the stories that matter

- Content is what we do
- For annual bonus we look at Group Operating Profit (50% weighting)
- This measures the success of our business across all platforms and reflects the quality of our news output

Developing a data-led proposition

- We provide differentiated data-led products to our clients
- For annual bonus we measure customer registrations within our digital audience (20% weighting)
- This is a core input to our data-led proposition

Growing through audience engagement

- Meaningful relationships with our audience will grow the editorial impact of our content and the value it generates through advertising revenues
- For annual bonus ARPU (20% weighting). This reflects our ability to monetise digital content for users

Building a culture where people thrive

- We are proud to have made Diversity and Inclusion (D&I) part of the criteria (10% weighting) on which we pay our executive directors in 2021 and 2022

Adjusted operating profit £m (50%)



Customer registrations m (20%)



Overall digital average revenue per user £ (20%)



Aligning LTIP with financial performance and returns

Absolute TSR (60%)



Three-year Cumulative Net Cash Flow £m (40%)



Summary of Remuneration Policy

Pay element	Overview of policy	Remuneration in respect of 2021	Implementation of policy in 2022
Base salary	Reviewed annually, taking into account salary increases across the Group. Increases not normally to exceed workforce increases See 2020 Annual Report	CEO, Jim Mullen = £488,000 CFO, Simon Fuller = £381,000 See page 104	Salary review date is 1 April 2022; if any increase is made, it will be at employee business-wide levels only See page 111
Benefits	Benefits typically consist of provision of a company car or car allowance, private medical cover, permanent health insurance and life assurance See 2020 Annual Report	In line with policy See page 104	No change to benefits for 2022 See page 111
Pensions	All executive directors to be at 7.5% salary contribution level by 1 January 2023, with this rate being within the range of contribution rates for the workforce (for which there are a large range of legacy arrangements in place) See 2020 Annual Report	CEO at 7.5% of base salary CFO's pension contribution rate will transition to 7.5% of base salary by 1 January 2023 (2021: 11.25% from 1 April 2021 salary review) See page 104	CEO unchanged CFO 9.375% from 1 April 2022, the salary review date (part of phased transition to 7.5% by 1 January 2023) See page 111
Annual bonus	Maximum annual bonus opportunity 125% of salary for CEO and 100% of salary for CFO Based on financial/business performance, with financial measures (to include Group profits) not to be less than 50% of the total bonus opportunity Any bonus up to 50% of salary is paid in cash, with the remainder delivered in the form of restricted share awards vesting after three years Clawback provisions apply See 2020 Annual Report	Annual bonus for 2021 confirmed as 70.83% of maximum opportunities Delivered as cash bonuses for 50% of base salary, and as awards of restricted shares worth 38.54% and 20.83% of base salary for the CEO and CFO respectively See page 104	Maximum annual bonus opportunities remain at 125% of salary for CEO and 100% of salary for the CFO Weightings on performance measures for 2022: Group Adjusted Operating Profit 50%; Strategic 50% (including Customer Metrics (20%); ARPU (20%); Diversity and Inclusion (10%)) See page 111
LTIP	Annual awards of LTIP of 175% of salary for CEO and 150% of salary for CFO in normal circumstances Awards vest subject to performance over a three-year period. Vested shares are subject to an additional two-year holding period Malus and clawback provisions apply See 2020 Annual Report	Awards of 175% / 150% of salary made to the CEO / CFO Performance to be measured over the period December 2020 to December 2023 against Relative TSR (70% weighting), Cumulative Net Cash Flow targets (20%) and ARPU (10%) 2019 LTIPs vested by reference to 2021 performance. Please see pages 99 and 104. Two-year holding period will apply to vested shares See page 106	Awards of 175% / 150% of salary to be made to the CEO / CFO Performance to be measured over the period December 2021 to December 2024 against Relative TSR (70% weighting), Cumulative Net Cash Flow targets (20%) and ARPU (10%) Two-year holding period will apply to vested shares See page 112

Remuneration Report continued

Introduction

This Annual Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report meets the requirements of the FCA Listing Rules and the Disclosure Guidance and Transparency Rules. In this report, we describe how the principles of good governance relating to directors' remuneration, as set out in the FRC's UK Corporate Governance Code July 2018 (the 2018 Code), are applied in practice.

Annual Remuneration Report

The following section provides details of how our Remuneration Policy was implemented during 2021.

Remuneration Committee membership

During 2021, the Committee members were the following non-executive directors:

- Olivia Streatfeild (Chair from 1 July 2021)
- David Kelly (Chair to 1 July 2021)
- Anne Bulford
- Steve Hatch
- Barry Panayi (from 13 October 2021)
- Nick Prettejohn
- Helen Stevenson

The Committee is a committee of the Board of directors and has been established with formal terms of reference approved by the Board. The Committee's purpose is to assist the Board in fulfilling its oversight responsibility by ensuring that remuneration policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. A copy of the terms of reference is available on the Company's website: www.reachplc.com.

The Committee fulfils its duties with a combination of both formal meetings and informal consultation with relevant parties internally, including the CEO and CFO. During the year under review, the Committee, where appropriate, sought advice and assistance from the executive directors and the HR Director in connection with carrying out its duties. The activities of the Committee include appropriate review and oversight of the operation and implementation of the Company's Remuneration Policy each year. The Committee also reviewed its terms of reference in the year.

The Chairman of the Board, together with the CEO, is responsible for evaluating and making recommendations to the Board on the remuneration of the non-executive directors. Members of the Committee and any person attending its meetings do not participate in any decision on their own remuneration.

The Committee met five times during the year, and details of members' attendance at meetings are provided on page 74 of the Governance Report and page 98 of this Remuneration Report.

During the year, the Committee considered its obligations under the 2018 Code and concluded that:

- The Directors' Remuneration Policy supports the Company's strategy (including in the performance measures chosen). Specifically, from 2021, we have directly used selected Customer Value Strategy metrics in our incentive plans at meaningful levels. These metrics are important as the input markers that will drive further growth in value for our shareholders; and
- Remuneration for our directors remains appropriate.

In addition, the Committee has ensured that its policy and practices are consistent with the six factors set out in Provision 40 of the 2018 Code:

Clarity – Our policy is well understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies. An engagement exercise with leading shareholders was carried out in advance of our 2021 AGM in which we explained the introduction of incentive plan metrics to support our wider Customer Value Strategy.

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate. We operate one annual bonus and one LTIP across all of our senior team.

Risk – Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both annual incentives and LTIPs which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by shares in our incentive plans (together with bonus deferral and in employment and post-cessation shareholding guidelines); and (iii) malus and clawback provisions within all our incentive plans. All incentive plan outcomes are subject to a holistic overview of their appropriateness by the Committee before they are confirmed, and any risk-related concerns can be considered in the course of that review.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits. The weighting towards use of shares within our incentive plans means that actual pay outcomes are highly aligned to the experience of our shareholders. With our use of bonus deferral, maximum cash outcomes under our annual bonus are capped at 50% of base salary.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/ 'at-risk' pay, together with the structure of the executive directors' service contracts, ensures that poor performance is not rewarded. Both post-vesting holding periods for our LTIP and deferral of annual bonus ensures that rewards at Reach are aligned with longer-term shareholder experience.

Alignment to culture – Our executive pay policies are fully aligned to Reach's culture through the use of metrics in both the annual bonus and LTIP that measure how we perform against key aspects of our strategy, which has the objective of delivering sustainable growth in revenue, profit and cash flow. We have used shares to reward all staff. We are proud to have part of annual bonus outcomes for the most senior people assessed against Diversity and Inclusion (D&I) metrics.

Each year the Committee receives and considers an annual report summarising the base salaries, benefits and pension arrangements received by each category of Group staff, and summarising the bonus potential and performance metrics used in each of the annual bonus schemes in operation across the Group.

The Company has regular and detailed engagement with workers' appointed representatives regarding pay levels and structures across the organisation at many levels. These established engagement mechanisms with employees provide opportunities to explain how the structure of executive directors' pay aligns to the Company's strategy, which in turn fully supports the interests of all stakeholders, including our employees and our ability to pay employees appropriately. This process provides an opportunity for feedback on executive directors' pay to be given and explanations to be shared; a full report on any feedback is received by the Committee. In 2022, our Remuneration Committee Chair intends to join a number of our engagement events to further promote this dialogue.

Before the 2021 AGM the Company engaged with its leading shareholders and with the leading proxy voting and advisory services regarding the Company's updated Directors' Remuneration Policy which was approved by shareholders at the 2021 AGM. The comments from leading shareholders were fully considered and were reflected in the final proposals, particularly with regards to the design of performance metrics for annual bonus and LTIP which support the Customer Value Strategy.

Advisers

The Committee evaluates the support provided by its advisers annually to ensure that advice is independent, appropriate and cost-effective. The Committee retains the responsibility for appointing any consultants in respect of executive director remuneration.

The Committee received advice from FIT Remuneration Consultants LLP (FIT) in 2021. FIT were appointed to advise the Committee in 2019 following a competitive tender process. FIT provided share plan implementation advice to the Company during the year but no other services were provided to the Company. The Committee reviewed the advice provided during the year and is satisfied that the advice received from FIT in 2021 was independent and objective.

FIT's total fees for the provision of remuneration services to the Committee in 2021 were £62,270 plus VAT. These fees were charged on the basis of their normal terms of business for advice provided.

Remuneration Report continued

Summary of shareholder voting on remuneration matters

The following table shows the results of the votes on: (1) the Directors' Remuneration Policy; and (2) the advisory vote on the 2020 Annual Remuneration Report at the 2021 AGM:

Resolution text	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
(1) Approve the Directors' Remuneration Policy	239,993,386	94.64	13,592,059	5.36	253,585,445	17,272
(2) Approve the Annual Remuneration Report	252,489,662	99.57	1,095,788	0.43	253,585,450	17,267

Single total figure of remuneration for executive directors (audited)

The table below sets out a single figure for the total remuneration received by each executive director for 2021 and 2020:

Executive	Salary ¹ £'000		Taxable benefits ² £'000		Single-year variable ³ £'000		Multiple-year variable ⁴ £'000		Pension benefit ⁵ £'000		Total £'000		Total fixed remuneration £'000		Total variable remuneration ⁶ £'000	
	2021	2020 ¹	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Jim Mullen	488	431	25	22	434	–	3,105	–	37	32	4,089	485	550	485	3,539	–
Simon Fuller	381	334	25	22	271	–	2,669	–	45	45	3,391	401	451	401	2,940	–

- During 2020, the executive directors agreed to a voluntary reduction in their salary as described in the 2020 Directors' Remuneration Report.
- Incorporates the value of all tax assessable benefits arising from employment with the Company and relates to the provision of car allowance, healthcare cover and the value of the award made (discounted option price) under the Reach Savings-Related Share Option Scheme.
- Annual bonus paid for performance over the relevant financial year. In 2020, this was nil as the bonus was suspended in April 2020. Details of 2021's annual bonus are set out in the next section below.
- The multiple-year variable values for 2020 are nil as neither executive director had an LTIP award which vested by reference to performance for those years. The 2021 values reflect the performance vesting of 2019 LTIP awards made to the CEO and CFO, the performance conditions for which were measured to the end of FY2021. These performance conditions were met as to 100% and the values reflect the numbers of shares subject to awards (1,013,951 for the CEO and 871,664 for the CFO). Of the values shown for 2021, the value for the CEO comprises £2,076,317 reflective of 202% share price growth from 4 December 2019 and for the CFO comprises £2,164,471 reflective of 429% share price growth from 11 March 2019. The share price used in this calculation was the three-month average to the end of FY2021 which was £3.0623.
- Includes the value of cash supplements received by directors in lieu of pension contributions.
- Total variable remuneration for 2020 was nil as 2020's annual bonus was suspended and neither executive director held an LTIP award which was due to vest by reference to performance in 2020.

Annual bonus in respect of 2021 performance (audited)

Details of the 2021 annual bonus metrics and targets are summarised below.

Measure	Weighting (% of bonus)	Threshold	Target	Stretch	Actual	Total payout (% of maximum)
Group Adjusted Operating Profit (£m)	50%	£142m (20%)	£146.7m (25%)	£154m (50%)	£146.1m	24.36%
Digital revenues: Overall Digital Average Revenue Per User (£)	20%	£3.26 (4%)	£3.44 (10%)	£3.61 (20%)	£3.55	16.47%
Customer Registrations (m)	20%	7.0m (4%)	7.5m (10%)	8.0m (20%)	9.0m	20%
Diversity and Inclusion	See details 10% on page 105				100%	10%
Total						70.83%

Diversity and Inclusion objectives	Outcome
Three objectives were set each having a 3.33% weighting:	
• Completion rate of 85% across the business in a new D&I data collection exercise (Be Counted)	100%
• At least 85% of Inclusion Action Plans approved by half year and at least two-thirds of the priorities of all Inclusion Action Plans achieved by 31 December 2021	100%
• All People Managers to complete mandatory Learning Remote Teams compliance training by 31 December 2021	100%

ARPU is defined as the total digital revenue generated across the business, divided by the active UK digital audience (based on the accepted industry measurement standard). By focusing on a user level measure of value from the UK digital audience of Reach, the Company is able to assess the increased monetisation of its digital audience. This is the focus of the Customer Value Strategy, which will deliver increased engagement (i.e. higher consumption volumes) and higher revenue per page (i.e. higher yields).

In the year, the annual bonus maximum for the CEO was 125% of base salary and 100% of base salary for the CFO. A 70.83% of maximum outcome produces a 88.54% of salary outcome for the CEO (38.54% of salary, £188,731 is deferred) and a 70.83% of salary outcome for the CFO (20.83% of salary, £79,588 is deferred).

2019 LTIP awards (audited)

The performance period for the 2019 LTIP awards ended in December 2021. Vesting of the 2019 LTIP award was dependent on the achievement of absolute TSR and Cumulative Net Cash Flow targets, as follows:

Closing three-month average adjusted share price at end of performance period	% of award which can be exercised
165 pence (or above)	60%
Between 115 pence and 165 pence	Straight-line vesting between 12% and 60%
115 pence or below	0%

Satisfaction of the performance condition was determined by reference to the Company's volume-weighted average share price over the final quarter of the performance period in 2021 which was 353.6 pence and warranted 100% vesting of the TSR shares (which represented 60% of the total award). The share price for these purposes includes dividends reinvested over the performance period.

Cumulative Net Cash Flow over the performance period	% of award which can be exercised
£340m (or above)	40%
Between £300m and £340m	Straight-line vesting between 8% and 40%
£300m or below	0%

Cumulative Net Cash Flow for the 2019 award was defined as the net cash flows generated by the business before the payment of dividends, pension deficit funding and associated tax relief and the cost of acquisitions and before any significant cash outflows that have been treated as non-recurring in the financial statements. Satisfaction of the performance condition was determined by reference to the Cumulative Net Cash Flow, which was £361.7m and warranted 100% vesting of the Cumulative Net Cash Flow shares (40% of the total award).

Total vesting was therefore 100%, representing 60% vesting under TSR and 40% vesting under Cumulative Net Cash Flow.

Single total figure of remuneration for non-executive directors (audited)

The table below sets out a single figure for the total remuneration received by each non-executive director for 2021 and 2020. During 2020, non-executive directors agreed to a voluntary reduction in their fees as described in the 2020 Directors' Remuneration Report.

	Base fee £'000		Other fees £'000		Total £'000	
Non-executive director	2021	2020	2021	2020	2021	2020
Anne Bulford	45	40	13	11	58	51
Steve Hatch	45	40	–	–	45	40
David Kelly ¹	45	40	8	11	53	51
Barry Panayi ²	10	–	–	–	10	–
Nick Prettejohn	180	161	–	–	180	161
Helen Stevenson ³	45	40	15	11	60	51
Olivia Streatfeild ⁴	45	40	6	–	51	40

- David Kelly stepped down from his role as Remuneration Committee Chair on 1 July 2021. The stated fee includes a £2k overpayment which will be deducted from fees during 2022.
- Barry Panayi joined the Board on 13 October 2021.
- Helen Stevenson's other fees include the fee as Senior Independent Director and as Sustainability Committee Chair from 13 October 2021.
- Olivia Streatfeild was appointed Remuneration Committee Chair on 1 July 2021.

The below non-executive director fee rates were in place throughout 2021.

	From 1 January 2021
Chairman base fee	£180,000
Non-executive director base fee	£45,000
Additional fee for Senior Independent Director	£12,500
Additional fee for chairing Audit & Risk Committee	£12,500
Additional fee for chairing Remuneration Committee	£12,500
Additional fee for chairing Sustainability Committee ¹	£12,500

- Fee only payable from 13 October 2021

Remuneration Report continued

LTIP interests awarded in 2021 (audited)

On 11 May 2021, Jim Mullen and Simon Fuller were granted awards under the LTIP in the form of performance shares. The three-year period over which performance will be measured will end in December 2023. To the extent that performance conditions are met, awards will vest on 11 May 2024. Vested shares are subject to a two-year holding period.

	Date of grant	Shares over which awards granted ¹	Value of awards granted (£)	% of salary
Jim Mullen	11 May 2021	364,430	£857,030	175
Simon Fuller	11 May 2021	243,706	£573,123	150

1. The base price for calculating the level of awards was 235.17 pence, the average market closing price of the three trading days 6, 7 and 10 May 2021.

Vesting of LTIP awards granted (as nil cost options) in 2021 is subject to three performance conditions: Relative TSR, representing 70% of each award, Cumulative Net Cash Flow representing 20% and three-year ARPU for the remaining 10%. Further details of the targets applying to these awards are included in the tables below.

Relative TSR condition (70% weighting)

TSR performance relative to constituents of FTSE SmallCap (ex IT)	% of award which can be exercised
Upper quartile or above	70% (100% of this part)
Between median and upper quartile	Straight-line vesting between 14% and 70%
Median	14% (20% of this part)
Below median	Nil

In addition, for this part of an award to become exercisable, the Committee must be satisfied that the Company's TSR performance is a genuine reflection of the underlying business performance of the Company over the performance period.

When making this assessment, the Committee will take into account factors including revenues, free cash flow and change in net debt, as well as the Company's TSR performance over the period. The Committee will be guided in its assessment by a review of performance against these metrics, based on the audited results, which it will undertake prior to vesting. The Committee will consider both a quantitative and qualitative analysis of the performance, and will take account of any relevant internal and external factors to help ensure that unexpected events during the period are considered properly.

Cumulative Net Cash Flow condition (20% weighting)

Cumulative Net Cash Flow over the performance period	% of total award which can be exercised
£395m or above	20% (100% of this part)
Between £345m and £395m	Straight-line vesting between 4% and 20%
£345m	4% (20% of this part)
Below £345m	Nil

Cumulative Net Cash Flow for the 2021 award is defined consistently with past years (please see page 105 outlining the 2019 Cumulative Net Cash Flow definition). The condition is measured over financial years 2021, 2022 and 2023.

The Committee may adjust the Cumulative Net Cash Flow condition as it considers appropriate, including but not limited to where the Company or Group has bought or sold businesses or companies to maintain the same level of difficulty, and for items which are wholly outside management control.

ARPU condition

ARPU is defined consistently with the definition for this measure on page 105, with the targets for 2021 LTIP awards being by reference to ARPU for 2023.

The Committee regard ARPU targets for the 2021 LTIP awards as commercially sensitive at the current time, and accordingly will not be disclosing this target on a prospective basis. This information will be disclosed when it is appropriate to do so, and not later than the publication of the Directors' Remuneration Report for the year of vesting.

Total pension entitlements (audited)

Simon Fuller received an annual cash sum to use for pension purposes equivalent to 11.25% of base salary from 1 April 2021 (13.1% salary to that date). Jim Mullen received an annual cash sum to use for pension purposes equivalent to 7.5% of base salary in 2021. Neither of the executive directors participates in any of the Group's defined contribution or defined benefit pension schemes.

Payments to past directors (audited)

As was disclosed in the Remuneration Report for 2019, Simon Fox retained time pro-rated interests under the 2017, 2018 and 2019 LTIPs, and these can continue to vest at the usual vesting times for these awards. To the extent the awards vest, a further two-year holding period will apply. Vesting for the retained 2019 award will be in accordance with the performance outcome for the 2019 LTIP described above. Accordingly, 234,609 shares will vest (inclusive of 9,622 bonus issue shares allocated pursuant to the bonus issue share allotment authorised by shareholders at the General Meeting on 22 October 2020), at a total value of £718,443.

External directorship fees

As set out in the Remuneration Policy, the Company recognises the benefits of executive directors taking on external appointments as non-executive directors. Jim Mullen serves as a non-executive director of Racecourse Media Group Limited. For 2021 he received fees of £40,000 which he retained.

Annual percentage change in remuneration of directors and employees

The table below shows the percentage change in CEO remuneration from the prior year, compared to the average percentage change in remuneration for all other employees. In accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), we also show the relevant percentage changes for all other directors. Figures are shown for both 2021 and 2020.

	CEO	All other employees ³	CFO	Chairman	Anne Bulford (Non-Executive Director) ⁴	Steve Hatch (Non-Executive Director)	David Kelly (Non-Executive Director)	Barry Panayi (Non-Executive Director) ⁵	Helen Stevenson (Senior Independent Director)	Olivia Streatfeild (Non-Executive Director)
2021¹										
Salary	13.2%	3.8%	14.1%	11.8%	13.7%	12.5%	3.9%	n/a	17.7%	27.5%
Taxable Benefits	13.6%	-0.3%	13.6%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual Bonus ²	100%	100%	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2020										
Salary	-14.8%	4.2%	-11.6%	-10.6%	112.5%	-11.1%	-12.1%	n/a	-12.1%	-11.1%
Taxable Benefits	nil	2.9%	4.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual Bonus ²	-100%	-100%	-100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

All figures expressed as percentage changes from the prior year.

- Please see the single total figure of remuneration tables for both the executive directors and non-executive directors' where changes in committee chair responsibilities explain differentials in annual fee rates for non-executive directors, as well as the voluntary salary reduction in 2020 for all directors.
- The annual bonus for 2020 was cancelled.
- There are no other employees of the listed parent, and as such all employees of the Group is a more appropriate comparable.
- Anne Bulford was appointed as non-executive director on 18 June 2019; accordingly the percentage difference in 2020 shown represents a comparison between a full year (2020) and a part year (2019).
- Barry Panayi is shown as n/a as he was appointed as a non-executive director on 13 October 2021, and so no prior year comparison is possible.

The CEO's remuneration includes base salary paid in 2021, taxable benefits and bonus. The base salary and taxable benefits for all other employees is calculated using the increase in the earnings of employees taken from salary, as at the end of the year and the end of the previous year and payroll and P11D data from the relevant tax years, and excludes any discount from participation in the Reach Savings-Related Share Option Scheme. The table is based on a consistent set of employees, i.e. the same individuals appear in both years' populations. The annual bonus is the amount payable in respect of 2021 compared to the amount paid in respect of 2020. The base salary data for part-time employees has been pro-rated up to the full-time equivalent. The CEO's base salary was reduced by 20% between the period 1 April 2020 and 15 October 2020. This compares to a reduction of 10% for employees between 1 April 2020 and 1 July 2020 (which was repaid in 2021). Therefore percentage changes for the CEO and for employees are distorted.

Remuneration Report continued

Chief Executive Officer pay ratio

This is the fourth year that the Company has disclosed the CEO pay ratio, and the Committee has agreed to use a consistent methodology with earlier years.

The table below shows the ratio of the CEO's single figure total remuneration to the total remuneration for the median (50th percentile), 25th and 75th percentile paid employee.

Year	Method	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
2021	Option B	117 : 1	104 : 1	80 : 1
2020	Option B	17 : 1	14 : 1	11 : 1
2019 ¹	Option B	43 : 1	31 : 1	24 : 1
2018	Option B	38 : 1	27 : 1	18 : 1

1. The CEO single figure total remuneration for 2019 was determined by adding together Simon Fox and Jim Mullen's single figures of total remuneration as disclosed in the single figure table for that year.

The ratios are calculated using Option B methodology as set out in the remuneration regulations. This was considered the optimum approach, utilising data compiled for annual gender pay reporting which provides a robust set of data to refer to in order to identify representative employees in the organisation at median, lower and upper quartile. Our preference is to have a consistent reporting reference date.

The median, 25th and 75th percentile employees were identified from the list of full pay relevant employees in the organisation on 5 April 2021. The total compensation figure was then calculated and checks made to ensure the employees identified are representative of pay at these levels in the organisation. The data points are reflective of our Company structure and types of roles across the organisation, and accordingly the Committee believes the median pay ratio for 2021 to be consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole as at the reference date.

The median pay ratio for 2021 is significantly higher than reported for 2020. This is mainly due to no bonus payable for 2020 and no LTIP vesting for our CEO in relation to the 2020 performance year, both of which are recorded for 2021. The LTIP vesting in 2021 reflects material share price performance by the Company as set out on page 104.

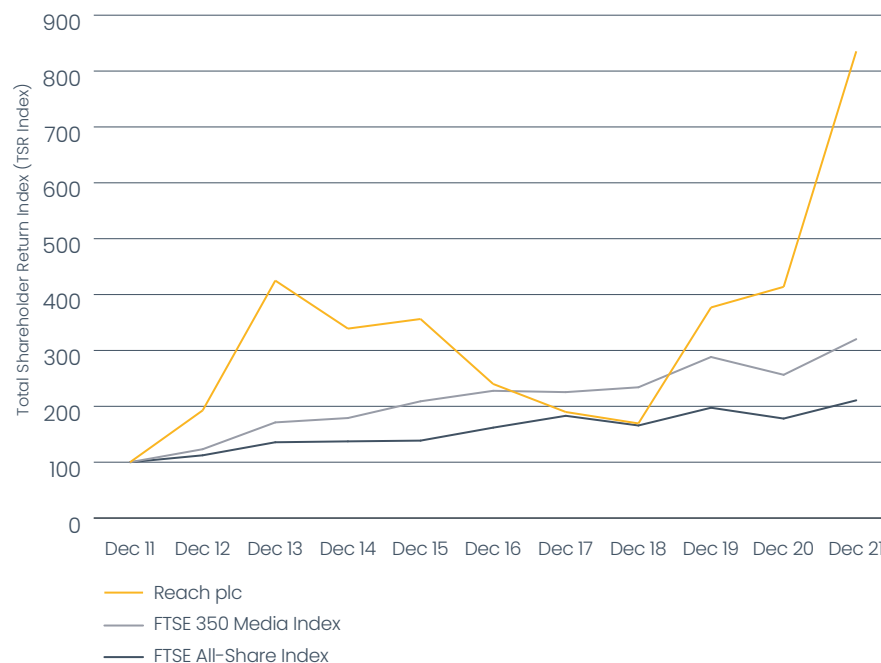
As the CEO pay ratio will involve the inclusion of variable pay outcomes for any year, it is reasonable to expect the ratio to vary from year to year. However, the Committee will take employee pay arrangements into account when setting the pay of our executive directors for any year, and is committed to paying our directors appropriately and in line with Company performance.

Supporting Data Compensation Figure for 2021	25th Percentile	Median	75th Percentile
Total Employee Pay and Benefits Figure	£34,853	£39,376	£50,825
Salary and Wages Component of Total Employee Pay and Benefits Figure	£32,608	£37,504	£48,146

Review of past performance

The following graph illustrates the Company's performance compared to the FTSE All-Share Index, which is considered the most appropriate form of 'broad equity market index' against which the Company's performance should be measured, and to the FTSE 350 Media Index as the main comparator group for the Company's shares. Performance, as required by legislation, is measured by TSR.

10-year TSR chart



Source: Refinitiv Eikon

Chief Executive Officer's single figure of remuneration

The table below details the CEO's single figure of remuneration over the same ten-year period:

	2012(a) ¹	2012(b) ²	2013	2014	2015	2016	2017	2018 ²	2019(a) ³	2019(b) ⁴	2020	2021
Single figure of remuneration (£'000)	1,354	186	710	1,678	2,260	749	893	949	780	323	485	4,089 ⁶
Annual bonus outcome (% of maximum)	0%	0%	30.0%	45.8%	34.6%	34.6%	39.7%	38.3%	67.65%	67.65%	nil ⁵	70.83%
LTIP vesting (% of maximum)	0%	n/a	n/a	62.6%	25.3%	0%	40.0%	4.00%	40.0%	n/a	n/a	100%

1. Sly Bailey resigned as CEO on 15 June 2012.

2. Vijay Vaghela acted as CEO on an interim basis between June 2012 and August 2012, and received £35k in respect of this service.

3. 2012(b) to 2019(a) figures for CEO are in respect of Simon Fox. Simon Fox resigned on 16 August 2019. Simon Fox's single figure for 2019 was pro-rated to reflect only H1 2019.

4. 2019(b) figures reflect Jim Mullen.

5. Annual bonus for 2020 was suspended and was therefore nil.

6. Jim Mullen's single figure for 2021 includes the 2019 LTIP vesting of 100% which includes a 202% share price appreciation of £2,076,317 since 4 December 2019 as well as 72.73% bonus.

Relative importance of spend on pay

The table below shows shareholder distributions (dividends and share buy-backs) and total employee pay expenditure for 2020 and 2021, along with the percentage change in both.

	2021 £'000	2020 £'000	% change 2020–2021
Shareholder distributions (dividends)	21,800	Nil	–
Total employee expenditure	230,400	214,500	7.4%

Exit payments (audited)

There were no exit payments made to executive directors or non-executive directors in the year.

Directors' beneficial interests shareholding requirements (audited)

The table below sets out the beneficial interests of the current non-executive directors in the share capital of the Company as at 26 December 2021 for current non-executive directors.

Non-Executive Directors	Ordinary shares at 26 December 2021	Ordinary shares at 27 December 2020
Anne Bulford	11,953	11,953
Steve Hatch	10,207	10,207
David Kelly	10,427	10,427
Barry Panayi ¹	0	n/a
Nick Prettejohn	111,248	111,248
Helen Stevenson	36,496	36,496
Olivia Streatfeild	55,255	55,255

1. Barry Panayi joined the Board on 13 October 2021

The table below sets out beneficial interests of the executive directors in the share capital of the Company and achievement against shareholding requirements, being 200% of base salary for the CEO and CFO. The targets were met as at 26 December 2021.

Shareholding requirements apply for one year from an executive director stepping down from the Board. The table shows the position as at 26 December 2021 for current executive directors. Until the relevant shareholding levels are attained, executive directors are required to retain 100% of shares vesting, after the sale of sufficient shares to meet any income tax or National Insurance obligations under the LTIPs and the Restricted Share Plan (RSP).

Executive Directors	Owned outright	Performance vested but not yet released	Unvested and subject to other conditions ¹	Total share interests for SOGs ²	Value of share interests ³	Current shareholding (% salary/fee)
Jim Mullen	104,276	1,013,951	34,932	1,153,159	1,736,284	358%
Simon Fuller	–	871,664	96,306	967,970	1,349,253	357%

1. Shares awarded under the RSP are subject to a malus and clawback provision.

2. 'Share Ownership Guidelines'.

3. Calculations are based on the use of the higher of the acquisition price or the share price as at 26 December 2021. Value of the vesting LTIP shares and RSP is reduced by 47% to reflect estimated tax and NI due at time of vesting in line with Investment Association guidelines.

None of the directors have a beneficial interest in the shares of any other Group company. Since 26 December 2021 and up to the practicable date (24 February 2022), there have been no changes in the directors' interests in shares.

The lowest price of the shares during the year was 140 pence and the highest price was 420 pence. The share price as at 24 December 2021 (the last trading day before 26 December 2021) was 263 pence.

Remuneration Report continued

Directors' interests in shares under the Reach share plans (audited)

Director	Date of grant	Share price used at date of grant	At 27 December 2020	Granted	Exercised	Lapsed	At 26 December 2021	Performance period	Exercise period (holding period)
Jim Mullen									
LTIP	04.12.19	£0.977	1,013,951	–	–	–	1,013,951	01.01.19–26.12.21	04.12.22–04.03.25 (04.12.22–04.12.24)
LTIP	27.03.20	£0.969	782,346	–	–	–	782,346	30.12.19–25.12.22	27.03.23–27.06.25 (27.03.23–27.03.25)
RSP	27.03.20	£0.969	34,932	–	–	–	34,932	–	Restricted until 27.03.23
LTIP	11.05.21	£2.3517	–	364,430	–	–	364,430	28.12.20–31.12.23	11.05.24–11.11.24 (11.05.24–11.05.26)
Sharesave	14.07.21	£2.46	–	3,658 ¹	–	–	3,658	01.09.21–01.09.24	01.09.24–01.03.25
Simon Fuller									
LTIP	11.03.19	£0.646	871,664	–	–	–	871,664	01.01.19–26.12.21	11.03.22–11.06.24 (11.03.22–11.03.24)
LTIP	27.03.20	£0.969	488,299	–	–	–	488,299	30.12.19–25.12.22	27.03.23–27.06.25 (27.03.23–27.03.25)
RSP ²	11.03.19	£0.646	80,709	–	–	–	80,709	–	Restricted until 11.03.22
RSP	27.03.20	£0.969	15,597	–	–	–	15,597	–	Restricted until 27.03.23
LTIP	11.05.21	£2.3517	–	243,706	–	–	243,706	28.12.20–31.12.23	11.05.24–11.11.24 (11.05.24–11.05.26)
Sharesave	14.07.21	£2.46	–	3,658 ¹	–	–	3,658	01.09.21–01.09.24	01.09.24–01.03.25

1. These shares were granted as options under the Reach Savings-Related Share Option Scheme.

2. The RSP award made to Simon Fuller in March 2019 represents a buy-out of share awards forfeited on leaving his previous employment (value of shares at date of grant: £50,000).

Details of plans

Long-Term Incentive Plan

Vesting of LTIP awards is subject to continued employment and the Company's performance over a three-year performance period. If no entitlement has been earned at the end of the relevant performance period, awards will lapse. There is a two-year holding period on vested LTIP shares, with malus and clawback provisions. The 2019 and 2020 LTIP awards are granted as options with a £1 total exercise price. The 2021 LTIP awards are granted as nil cost options.

Plan	TSR targets			Cumulative Net Cash Flow targets		
	Weighting	Threshold (20% vesting)	Full vesting (100% vesting)	Weighting	Threshold (20% vesting)	Full vesting (100% vesting)
2019 LTIP (Absolute TSR)	60%	115p	165p	40%	£300m	£340m
2020 LTIP (Relative TSR)	60%	Median	Upper quartile	40%	£340m	£390m
2021 LTIP (Relative TSR)	70%	Median	Upper quartile	20%	£345m	£395m

Relative TSR for the 2020 and 2021 LTIP is measured against the FTSE SmallCap (ex. IT).

Cumulative Net Cash Flow under each of the awards is defined consistently with past years. (Please see page 105 outlining the 2019 Cumulative Net Cash Flow definition.)

In addition, the 2021 LTIP has a 10% weighting on ARPU as described on page 106.

Restricted Share Plan

Restricted shares may not be transferred or otherwise disposed of by a participant for a period of three years from the date of grant subject to malus and clawback provisions. Participants beneficially own the restricted shares from the date of grant. Legal title is held by the RSP Trustees until the restricted shares are released into the participant's name. Additional shares representing reinvested dividends may be released following the vesting of share awards.

Restrictions on the shares end on the third anniversary of the grant, and the shares will be released into the participant's name.

Implementation of Remuneration Policy for 2022

Base salary

Salaries of the executive directors in 2022 will be reviewed on 1 April 2022. As at the date of this report, the respective salaries of the CEO and CFO are as shown below. Any salary adjustments on 1 April 2022 will not be greater than annual increases made to Group employees generally.

	Base salary at:		
	1 March 2022	1 March 2021	Increase
Jim Mullen	£489,732	£484,500	1%
Simon Fuller	£382,082	£378,000	1%

Pension and benefits

Jim Mullen has an unchanged 7.5% of salary pension contribution for 2022. Simon Fuller will reduce to 9.375% pension contribution from 1 April 2022, the salary review date. Simon Fuller's pension will be further adjusted to 7.5% from 1 January 2023.

Annual bonus and RSP

For 2022, the maximum annual bonus opportunity will be 125% of salary for the CEO and 100% for the CFO.

The annual bonus plan for our executive directors in 2022 will have a balance of metrics as follows:

- Group Adjusted Operating Profit – weighting 50%
- Strategic Measures – weighting 50% including:
 - Customer Metrics (20%)
 - ARPU (20%)
 - Diversity and Inclusion (10%)

Before any 2022 annual bonus outcomes are confirmed, the Committee will conduct an overview assessment of performance in the year and consider this alongside the outcomes for the specific metrics.

Performance targets for the 2022 financial year are considered to be commercially sensitive and are not disclosed on a prospective basis. However, it is intended that performance against targets will continue to be disclosed in next year's Annual Remuneration Report.

Any bonus earned in excess of 50% of salary will be deferred in shares under the RSP for three years.

Remuneration Report continued

LTIP to be awarded in 2022

In 2022, proposed LTIP award levels are 175% of salary for the CEO and 150% of salary for the CFO.

The three-year performance period for the 2022 LTIP awards ends in December 2024. The balance of metrics will be:

- Relative TSR (70%)
- Cumulative Net Cash Flow targets (20%)
- ARPU (10%)

TSR performance relative to constituents of FTSE SmallCap (ex. IT)	% of award which can be exercised
Upper quartile or above	70%
Between median and upper quartile	Straight-line vesting between 14% and 70%
Median	14% (being 20% weighting of this part)
Below median	Nil

The relative TSR condition will be measured on the basis of three-month average return figures at the start and end of the performance period. Prior to vesting, an overview of performance will be considered as described for the TSR element of 2021 LTIP awards earlier in this report.

Cumulative Net Cash Flow over the performance period	% of award which can be exercised
£330m (or above)	20%
Between £285m and £330m	Straight-line vesting between 4% and 20%
£285m	4% (being 20% weighting of this part)
Below £285m	Nil

Cumulative Net Cash Flow for the 2022 award is defined consistently with past years. Please see page 105, outlining the 2019 Cumulative Net Cash Flow definition. Satisfaction of the performance condition is determined by reference to the Cumulative Net Cash Flow as set out in the previous table.

The ARPU performance measure for 2022's LTIP (10% total weighting) will operate using the same definition as applied for 2021's LTIP. The range of targets for this performance measure has been set by the Committee for 2022's awards by reference to the three-year business plan, and the Committee considers the range as set as requiring stretching growth over the period 2022-2024. The Committee regards the ARPU targets for the 2022 LTIP awards as commercially sensitive at the current time, and accordingly will not be disclosing this target range on a prospective basis. The information will be disclosed when it is appropriate to do so, and no later than on the publication of the Directors' Remuneration Report for the year of vesting.

Chairman and non-executive director fees

The fees for the Chairman and non-executive directors will be reviewed during the year. Fees have been unchanged since April 2016.

Directors' Remuneration Policy

The Directors' Remuneration Policy for executive and non-executive directors for the three-year period expiring at the Company's 2024 AGM, and which was approved by shareholders at the 2021 AGM, can be found within the Company's Annual Report and Accounts for 2020 which is available on the Company's website at www.reachplc.com/financial-information/annual-reports.

Olivia Streatfeild

Remuneration Committee Chair

1 March 2022

Directors' Report

The Directors' Report comprises the Governance Report (on pages 66 to 97), the Directors' Report (on pages 113 to 117) and the Shareholder information section (on pages 180 and 181). The following information is provided in other appropriate sections of the Annual Report and is incorporated by the following references:

Information	Reported in	Page number(s)
Likely future developments and performance of the Company	Strategic Report	57
Stakeholder engagement	Strategic Report	18 and 19
	Governance Report	79
Employment of disabled persons	Strategic Report	39
Greenhouse gas emissions	Strategic Report	44
Viability statement	Strategic Report	65
Compliance with the UK Corporate Governance Code statement	Governance Report	68
Directors	Our Board biographies	69 to 71
	Directors' Remuneration Report	98 to 112
	Directors' Remuneration Report – directors' beneficial interests shareholding requirements	109
Details of Long Term Incentive Plan	Directors' Remuneration Report	111
Dividend waiver	Directors' Report	114
Statement of Directors' responsibilities	Directors' Report	116 and 117
Going concern	Financial statements	132
Accounting policies, financial instruments and financial risk management	Financial statements	132 to 138, 156 to 158, 166 and 167

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the 'Management Report' can be found in the Strategic Report or this Directors' Report, including the material incorporated by reference.

Directors' Report continued

Strategic Report

The Company's Strategic Report is set out on pages 1 to 65 and includes the Company's business model and strategy, principal risks and uncertainties facing the Group and how these are managed and mitigated.

Results and dividends

A review of the Company's consolidated results can be found on pages 52 to 57.

The Board proposes a final dividend for 2021 of 4.46 pence per share (2020: 4.26 pence per share) which, subject to shareholder approval, will be payable on 10 June 2022 to shareholders on the register on 13 May 2022. The proposed final dividend together with the interim dividend of 2.75 pence per share (2020: issue of new ordinary shares of 10 pence each in lieu of payment of a cash dividend, with a value equivalent to 2.63 pence per share) results in a total dividend for 2021 of 7.21 pence per share (2020: 4.26 pence per share).

As at the practicable date (24 February 2022), the Company held 8,127,566 shares in Treasury, representing 2.52% of the issued share capital of the Company. Treasury shares do not receive dividends and are not included when calculating the total voting rights in the Company. The Company, if deemed fit, can sell the shares for cash or transfer the shares for use in an employee share scheme. On 13 May 2021, 675,381 shares were withdrawn from Treasury to satisfy the vesting of awards granted in 2018 under the Reach Long Term Incentive Plan. 1,214,673 shares were withdrawn from Treasury to satisfy the vesting of the share award to colleagues granted in December 2020 under the Reach All-Employee Share Plan.

Dividend waivers

There is a waiver in place in respect of all or any future right to dividend payments on shares held in the Trinity Mirror Employees' Benefit Trust (2,490,472 shares as at 26 December 2021), shares held in TIH Employee Benefit Trust (94,740 shares as at 26 December 2021) and shares held in Treasury (8,128,176 shares as at 26 December 2021).

Dividend Policy

The Board recognises the importance of growing dividends for shareholders while also investing to grow the business and meeting our funding commitments to the defined benefit pension schemes. The Board expects to continue to adopt a policy of paying dividends which are aligned to the free cash generation of the Group. Free cash generation for this purpose is the net cash flow generated by the Group before the repayment of debt, dividend payments, other capital returns to shareholders and additional contributions made to the defined benefit pension schemes because of any substantial increase in dividends and/or capital returns to shareholders.

The Board will also continue to consider, if appropriate, the return of capital to shareholders through a share buy-back if it has generated surplus cash and sees an opportunity to enhance earnings per share and therefore shareholder value. Prior to initiating a share buy-back programme, the Board will carefully consider the cash generation of the business and the Group's obligations to its defined benefit pension schemes.

The risks associated with the delivery of the Dividend Policy are as follows:

- the availability of distributable reserves: In 2014, an impairment of the carrying value of investments held by the Company resulted in a negative balance on the profit and loss reserve, and therefore the Company had no distributable reserves. This was addressed by undertaking a court-approved capital reduction to eliminate the negative balance in the profit and loss reserve, and thereafter the distributable reserves have been rebuilt through dividends received from subsidiary companies from profits. The Company would undertake a similar exercise in the future if such an event was to occur, as it still has a £605.4m balance on the share premium account;
- a significant fall in profit and cash flow which materially reduces free cash flow: Under these circumstances, the Group would review all the investment requirements, pension obligations and future debt payments. In such circumstances, we would seek to hold dividends unless it would place increased pressure on the ability of the Group to fund investment to deliver its strategy or if it was to create any financing issues; and
- the payment of dividends would potentially restrict the ability of the Group to meet payments due under the recovery plans agreed with the Group's defined benefit pension schemes: The Group agrees recovery plans with the Trustees of the Group's defined benefit pension schemes at each triennial valuation and these may be revised as a result of material corporate activity. In finalising the 2019 triennial valuations, the Group may agree that additional contributions will be made to the schemes in the event dividends are increased by more than a given percentage in any one year or in respect of any other return of capital to shareholders. Further, the Group may agree that dividend payments or any other return of capital to shareholders in any year will not be in excess of payments to the defined benefit pension schemes to address past deficits. If agreed to, these obligations may restrict future increases in dividends.

Tax payments

The Group is a UK and Republic of Ireland taxpayer and complies with all taxation requirements in both countries. The Group paid corporation tax of £13.6m (2020: £14.2m) in the UK, and €1.17m in the Republic of Ireland (2020: €0m). The Group also paid indirect employment taxes (employer and employee NI and employee PAYE) of £69.3m (2020: £66.7m) during the year for employees in the UK and €2.2m for employees in the Republic of Ireland (2020: €1.2m).

Political donations

At the Company's Annual General Meeting (AGM) held on 6 May 2021, the Company and its subsidiaries received authority from shareholders under the Companies Act 2006 to make donations to political parties of up to £75,000 in aggregate per annum. The resolution passed, with 98.25% of participating shareholders voting in favour.

This resolution was proposed to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the Companies Act 2006 through the undertaking of routine activities. No political donations were made during 2021 (2020: nil).

Share capital

As at 26 December 2021, the Company's issued share capital comprised 322,085,269 ordinary shares with a nominal value of 10 pence each. The Company held 8,128,176 ordinary shares in Treasury. Therefore, the total number of voting rights in the Company was 313,957,093. All shares other than those held in Treasury are freely transferable and rank pari passu for voting and dividend rights. The Company is not aware of any agreements between holders of shares that result in any restrictions.

As at 26 December 2021, the Trinity Mirror Employees' Benefit Trust held 2,490,472 shares (2020: 2,172,983). At the same date, the TIH Employee Benefit Trust held 94,740 shares (2020: 94,740). The Trustees of both Employee Benefit Trusts have elected to waive dividends on shares held under the trusts relating to dividends payable during the year.

Details of the authorised and issued share capital, share premium account, Treasury shares and Employee Benefit Trusts can be found in notes 28 to 31 in the notes to the consolidated financial statements.

Change of control provisions

The directors are not aware of there being any significant agreements that contain any material change of control provisions to which the Company is a party other than in respect of the financing facilities which expire in November 2025. Under the terms of these facilities, and in the event of a change of control of the Company, the banks can withdraw funding and all outstanding loans, accrued interest and other amounts due and owing become payable within 30 days of the change.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on pages 69 to 71, together with details of each director's skills, experience and current external appointments. Details of directors' beneficial and any non-beneficial interests in the shares of the Company are shown on page 109. Options granted to directors under the Sharesave, the Long Term Incentive Plan and the Restricted Share Plan are shown on page 110. Further information regarding employee share option schemes is provided in note 31 to the consolidated financial statements on page 155.

Substantial shareholdings

The Company has been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following direct or indirect holdings of voting rights, including shares and other financial instruments, in the Company's shares:

Substantial shareholdings

	As at 26 December 2021	As at 26 December 2021	As at 24 February 2022	As at 24 February 2022
Name	Number of voting rights	% of total voting rights	Number of voting rights	% of total voting rights
Aberforth Partners	31,178,599	9.97%	31,178,599	9.97%
Dimensional Fund Advisors ¹	12,843,108	4.98%	12,843,108	4.98%
JP Morgan Asset Management ²	18,310,790	6.11%	18,310,790	6.11%
M&G plc	31,731,260	10.15%	37,881,056	12.07%
Premier Miton Group plc	15,597,514	5.00%	15,597,514	5.00%
Schroders plc	14,488,704	4.63%	14,488,704	4.63%
Wellcome Trust	12,176,263	3.89%	12,176,263	3.89%

1. Disclosure made in 2015 and prior to 2020 bonus issue and increases in the share capital pursuant to transactions that took place in 2015 and 2018.
2. Disclosure made in 2020 and prior to the 2020 bonus issue.

Directors' Report continued

Articles of Association

The Company's Articles of Association (Articles) set out the internal regulations of the Company and cover such matters as the rights of shareholders, the appointment and removal of directors, and the conduct of the Board and general meetings.

The Articles can only be amended with at least a 75% vote in favour of those voting in person or by proxy at a general meeting of the shareholders.

A copy of the Articles is available to view on our website at www.reachplc.com/corporate-governance/constitution.

Appointment and replacement of directors

The Articles give the directors power to appoint and replace directors. Under the terms of reference of the Nomination Committee, appointments must be recommended by the Nomination Committee for approval by the Board.

The Articles also require directors to retire and submit themselves for election to the first AGM following appointment and to retire at the AGM held in the third calendar year after election or last re-election. However, to comply with the 2018 Code, all the directors will submit themselves for election or re-election at each AGM.

Compensation for loss of office

There are no agreements in place between the Company and any director or employee for loss of office in the event of a takeover.

Directors' indemnity and insurance

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. This provision was in force during the financial year and when the Directors' Report was approved.

The Company maintains appropriate directors' and officers' liability insurance for its directors and officers which provides cover for any legal action brought against them.

Purchase of own shares

At the Company's AGM on 6 May 2021, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 31,206,764 shares (being 10% of the issued share capital less Treasury shares at that time) at prices not less than the nominal value of each share (being 10 pence each) and not exceeding 105% of the average mid-market price for the preceding five business days. No use was made of this authority during the period. The Company intends to renew this authority at its 2022 AGM.

Allotment of shares

At the Company's AGM on 6 May 2021, shareholders approved an authority for the Company to allot ordinary shares up to a maximum nominal amount of £10,402,254 (being one-third of the Company's issued share capital less Treasury shares at that time). The Company intends to renew this authority at its 2022 AGM.

Modern slavery

In compliance with the Modern Slavery Act 2015, the Company's Modern Slavery Statement can be found on the Company's website www.reachplc.com.

Disclosure table pursuant to Listing Rule (LR) 9.8.4C

In accordance with LR 9.8.4C, the table below sets out the location of the information required to be disclosed, where applicable.

Applicable sub-paragraph within LR 9.8.4C

Page number

(12) Waivers of dividends	Directors' Report page 114
(13) Waivers of future dividends	Directors' Report page 114

Environmental management

Reach continues to comply with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We are also reporting in compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 known as SECR (Streamlined Energy and Carbon Reporting). We also comply with the Climate Change Agreements (Eligible Facilities) Regulations. Energy consumption and greenhouse gas emissions have been calculated in line with the UK Government's Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company, and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company, and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Our Board section, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the parent company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent company's auditors are aware of that information.

The Directors' Report was approved on behalf of the Board on 1 March 2022.

Simon Fuller
Chief Financial Officer

1 March 2022

Independent auditors' report to the members of Reach plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Reach plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 26 December 2021 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Consolidated and Parent company balance sheets as at 26 December 2021; Consolidated income statement, Consolidated statement of comprehensive income, Consolidated cash flow statements, Consolidated and Parent company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 3 to the financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit & Risk Committee report, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The group's core publishing operations are accounted for on one general ledger. We performed full scope audits over this and the parent company ledger. This involved work primarily over the group's central accounting function in Liverpool, the group's London headquarters and print operations in Watford.
- Our audit scoping gave us coverage of 99% (2020: 99%) of revenue.

Key audit matters

- Carrying value of intangible assets (group) and investments in subsidiaries (parent)
- Provision for historical legal issues (group)
- Valuation of pension liability and pension assets (group)

Materiality

- Overall group materiality: £6.3m (2020: £6.0m) based on 5% of profit before tax and before charges for significant restructuring and historical legal provisions.
- Overall parent company materiality: £5.67m (2020: £5.3m) based on 1% of total assets (capped at 90% of group materiality).
- Performance materiality: £4.72m (2020: £4.5m) (group) and £4.25m (2020: £4.0m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The Impact of COVID-19, which was a key audit matter last year, is no longer included as any matters which are specific to COVID-19 have been factored into the other key audit matters below. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of intangible assets and investments in subsidiaries (group and parent company) Refer to Note 3 for the directors' disclosure on the critical accounting judgements and key sources of estimation uncertainty and pages 93 and 94 for the views of the Audit & Risk Committee. At 26 December 2021 the group held indefinite life intangibles (being the carrying value of acquired publishing rights and titles, after previous impairment charges) of £818.7m (2020: £818.7m) and goodwill of £35.9m (2020: £35.9m). The parent company also held investments of £773.3m (2020: £773.3m) in its subsidiaries. The assessment of the carrying value of goodwill and intangible assets involves considerable judgement particularly in accurately forecasting future cash flows given the market environment for publishers. The key areas of focus are: - the judgement in relation to the appropriateness of an indefinite (as opposed to finite) useful economic life; and - the estimation uncertainties in relation to impairment evaluation.	Indefinite life consideration In assessing whether the indefinite life judgement was appropriate, we examined management's analysis of the life of the intangible assets, considering criteria in International Accounting Standard 38, "Intangible assets". We found that the group has established digital capabilities and has achieved digital revenue growth over several years which together supported the principle of a potentially sustainable digital business without a finite life. In particular we found the group had successfully grown customer digital registrations in FY21 ahead of its targets set in the prior year, had achieved growth in digital revenue and made operational and strategic progress in developing its customer value strategy; all of which supported management's position. Impairment assessment Appropriateness of a 10 year modelling period We satisfied ourselves that it was valid, in the context of a business in a long term transition from print based to digital, to model over a longer period than the group's budget and that 10 years was an appropriate period. Key assumptions in the impairment model We met with management to understand the basis of preparation of the FY22 budget, and challenged management to provide internal and market evidence for the key assumptions (which we then evaluated and tested to source data and to our own external sources as relevant), including: historical trend data for circulation revenues (combining volumes and pricing), decline rates for print advertising categories, digital growth rates, and cost reduction plans to mitigate inflationary factors. This included understanding how COVID-19 had affected the business during FY21 relative to FY20 and the basis for assumptions for FY22 in relation to this. We requested management calculate an independent discount rate which we then benchmarked using our valuations experts.

Independent auditors' report to the members of Reach plc continued

Key audit matter

Carrying value of intangible assets and investments in subsidiaries (group and parent company) continued

It is critical to management's assessment that the group is able to grow digital revenues at sufficient speed, and to sufficient scale, to offset the long-term decline in print revenues.

The impairment evaluation relates both to goodwill and indefinite lived intangibles in the group balance sheet and to the carrying value of the parent company's investment in its subsidiaries. The group prepared a single impairment model which reflected the board approved budget for FY22 and then assumptions over longer term trends over a period of transition to a digital business to 2031. The model then reflects cash flows into perpetuity from 2031 onwards. The key areas of focus relate to:

- The appropriateness of a 10-year modelling period;
- The key assumptions in the impairment model; including digital growth rates, the decline rates for print circulation and advertising, cost assumptions (newsprint and other), discount rates and perpetuity growth rates; and
- The approach to reflecting the liability for defined benefit pensions obligations for the parent company investment

How our audit addressed the key audit matter

We evaluated the longer-term assumptions applied in these areas over a 10-year period to 2031, again comparing these with historical trends and market information. We challenged management on the basis for these assumptions in particular with regard to longer term digital growth assumptions (including page view growth), but in addition in areas such as: the sustainability of revenue from the regional titles in print and digital form and the group's operating cost base.

We applied a series of sensitivities to management's model, to consider alternative severe but plausible downside scenarios.

We challenged the extent to which climate change had been considered and reflected, as appropriate, in management's impairment assessment process.

Although UK page views were down 2% on the prior year as FY20 benefited from significant one-off digital traffic driven by COVID-19 related stories, UK page views increased by 42% in FY20 and 28% in FY19 (equivalent to an overall three year CAGR of 22%). This illustrates the group's ability to grow page views. The historical page view CAGR is significantly above the cumulative average page growth rate forecast in the analysis.

The Digital revenue stream has seen growth of 25% in FY21, 11% in FY20 and 13% in FY19 (CAGR of 16%). Again this is higher than the Digital revenue CAGR in the 10 year model.

Overall, the combined digital and advertising revenue cumulative average growth rate over 10 years was not unreasonable when compared to external forecasts.

Particularly in relation to the parent company investment carrying value we challenged management on the differential between the current market capitalisation, the carrying value and the outcome of the impairment model allowing for a reasonable control premium; we evaluated management's explanations as part of assessing the reasonableness of the assumptions in the impairment model. For the parent company investment impairment consideration, we also considered management's approach to modelling past service pension contributions and compared this with the IAS 19 deficit and the funding commitments made with the Trustees (including the potential of any increases as a result of the triennial funding valuation) and evaluated the relative merits of alternative approaches and their impact on the resulting carrying value. The pension amounts are included in the model for the plc investment impairment as the subsidiaries are required to fund these liabilities.

We considered the historical budgeting accuracy of the Group and found this to be strong on a year on year basis. The adoption of the 10 year model first occurred for the FY19 year end. FY20 was disrupted by COVID-19 but the FY21 outturn was in line with the FY19 and FY20 models.

We found that the group's impairment model supported the carrying value of the group's intangible assets and was based on reasonable assumptions. However, this was sensitive to changes in assumptions in the model, in particular, to the group's ability to grow its digital revenues to the scale forecast. We also found that the parent company investment (after historical impairment) was supported but additionally sensitive to assumptions over the extent of future pension contributions.

We also evaluated the group's disclosures and sensitivity analysis in notes 15 and 16 to the group financial statements and note 4 of the parent company financial statements. We consider this to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Provision for historical legal issues (group) Refer to Note 3 for the directors' disclosure on the critical accounting judgements and key sources of estimation uncertainty and page 95 for the views of the Audit & Risk Committee. The group has a provision of £41.0m in respect of historical legal issues as at 26 December 2021 (2020: £23.0m) and recorded charges in the period of £29.0m. The provision relates to a number of current and potential civil claims arising from suspected phone hacking and unlawful information gathering in the past. The number of new claims arising in the last 2 years has increased. The group accelerated the settlement of claims in the second half of the year resulting in payments of £7.4m in this period compared to £3.6m in the first half. There are three parts to the provision: known claims; potential future claims; and common court costs. The basis for the known claims and the future potential claims is average past settlements, depending on the stage the claim has reached. Common court costs are court costs incurred which are based on information provided by a third party. The increase in the provision in the year is driven by an increase in the number of claims (ahead of that forecast for the year), along with an estimate of the number of potential future claims. In light of the payments made and based on additional claims received a charge of £29.0m has been recorded in the period and at the period end a provision of £41.0m remains outstanding. This is recognised as a key source of estimation uncertainty and a contingent liability in notes 26 and 34 to the group financial statements respectively.	The audit procedures we performed in respect of this risk included: • Meetings with management, internal legal counsel and those charged with governance to understand the nature of issues that gave rise to claims, experience to date and developments during the year. We corroborated the understanding gained through discussion with external legal counsel and review of correspondence with a sample of claimants' legal representatives. • Testing the calculation of the provision, including agreeing claim settlement values and supporting documents. • Assessing the completeness of the provision; in relation to future claims we did this through enquiries and comparison of information with that of external counsel and evaluating the trend of new claims notified each year. • Challenging management as to whether the provision adequately allows for: the nature of current claims (including both letters before action and issued claims); the value that current claims are being settled at; and current claim management strategies. In each case, we obtained additional information and explanations from management, including information that supported potential defences available to the group. We corroborated these discussions with external counsel. There is subjectivity and continuing uncertainty involved in estimating this provision however, based on the audit procedures performed we are satisfied the provision is not materially misstated. We also evaluated the related disclosures included in notes 3, 26 and 34 to the group financial statements by reference to the audit procedures outlined above. We consider them to be appropriate.

Independent auditors' report to the members of Reach plc continued

Key audit matter

Valuation of pension liability and pension assets (group)

Refer to Note 3 for the directors' disclosure on the critical accounting judgements and key sources of estimation uncertainty and page 95 for the views of the Audit & Risk Committee.

Pensions obligations are significant in the context of the overall balance sheet of the group. The group has six defined benefit pension plans which comprise total pension liabilities of £2,788.4m (2020: £2,864.1m).

The net pension deficit (pre deferred tax) on the consolidated balance sheet is £153.9m (2020: £314.4m).

The valuation of the schemes' liabilities requires a significant level of judgement and the Audit & Risk Committee has therefore highlighted this key audit matter as a significant financial issue in their report.

- Determining the assumptions to be applied requires technical expertise.
- Changes in a significant assumption can have a material impact on the overall defined benefit obligation and ultimately the net asset/liability which sits in the balance sheet.
- Developing actuarial models and selecting appropriate assumptions to estimate the present value of the pension liabilities is complex. Specialist actuarial knowledge is required to understand this process and to critically assess the output.

The total scheme assets across the six schemes totalled £2,636.3m (FY20: £2,597.3m).

Approximately 78% of the total assets are held in pooled investment vehicles ("PIVs"), of which approximately 22% are considered more complex. Just under 15% of the assets are within annuity policies.

PIVs categorised as "more complex" require additional audit work to ensure that the year end valuation is appropriate. The complex categorisation is linked to the underlying assets, pricing frequency, location of the fund as well as any trading restrictions. Where a significant proportion of the underlying assets of the funds being level 2 or 3 and as such there is no observable market price, the fund is not priced frequently (i.e. either daily or weekly) or there are restrictions over the purchase or sale of the units or underlying asset of the fund, there are therefore added complexities involved in determining an appropriate fair value at the year end. Where a combination of these factors exist, the fund is classified as more complex.

How our audit addressed the key audit matter

We reviewed the pension assumptions, including, but not limited to the key assumptions: discount rates, inflation and mortality. In doing this we utilised our specialist actuarial team and considered and challenged the reasonableness of the actuarial assumptions against our internally developed benchmark ranges, finding them to be within an acceptable range.

We verified that the net pension deficit is reasonable based on the following:

- A review of the methodology used to determine the liabilities. Our specialist actuarial team has built up a detailed understanding of this methodology through meetings with the group's actuary and management. We noted that the group's actuaries updated the benchmark used to determine the discount rate in FY20. The change increased volatility in the discount rate, which moved from the middle of our independently derived range at FY19 to the optimistic end at FY20; however, at FY21 the discount rates have on average returned to around the middle of the range. We also evaluated the adequacy of disclosures in Note 20 in relation to this and other changes to the basis of assumptions in the year.
- Testing that the movement in the liabilities over the financial year is reasonable. Our specialist actuarial team supported us in reviewing the three pension annuity policies held within the MINPS, TRBS and WFPPS schemes and concluded that the valuation is appropriate for FY21, see below for further information on the other testing requirements for annuity policies.
- Membership data which drives the year end liability calculation was examined for all six schemes to confirm that the data was complete and accurate. No issues were noted with the testing performed. This data was extracted as part of the 2019 funding valuations and it is expected that the next update will be as part of the 2022 funding valuations.
- Independent investment manager confirmations were obtained for all material pooled investment vehicles (PIV), bank letters obtained for all scheme bank accounts (with the exception of the WFPPS where alternative procedures were performed) and signed contracts obtained for all annuity policies. The total value was agreed to the group's asset listing.
- An assessment was performed on each PIV to determine whether it is straightforward or more complex in nature. More complex funds are subject to additional procedures and evidence obtained to corroborate the valuation. This included, where available, a review of the transactions surrounding the year end to establish the completeness and accuracy of the valuation, obtaining and reviewing the investment manager's latest internal controls report to assess any issues with the control environment or exceptions noted with controls relating to the valuation of assets (and obtaining bridging letters for any gap between the report and the year end) and the latest fund financial statements were also obtained and reviewed in comparison with unaudited statements as at the same date.

All evidence received was reviewed to ensure it did not contradict the year end valuation. We also considered whether there were indicators of additional valuation uncertainties arising from the COVID-19 situation. No issues were identified in the testing performed.

As mentioned above, PwC's actuarial experts reviewed the year end valuation of the annuity policies. In addition to this, we also confirmed the existence of the annuity policies by obtaining the signed policy documents. One of the key inputs to the valuation is the member data which is also tested to confirm the valuation has been based on complete and accurate data. Under IAS 19, insured liabilities have a matching asset of the same value i.e. there is no net asset/liability. Based on this work, no material issues were noted.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group operates from a number of locations in the UK. From a financial reporting perspective, the most significant are the group's London office and headquarters, its Liverpool shared service centre and the operational centre of its print activities in Watford. The group's core publishing operations are accounted for through the Liverpool shared service centre and in a single general ledger, that is then disaggregated for statutory reporting requirements. Our group audit scope focused on the core publishing operations and the parent company, which account for over 99% of the group's revenue. The materiality level applied in our audit of the two component entities was £5.67m. At the parent company level, we also tested the consolidation process, tax and pensions.

As part of our audit we made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the group's financial statements. We used our knowledge of the group to evaluate management's assessment. We particularly considered how climate change risks would impact the assumptions made in the forecasts prepared by management used in their impairment analyses and going concern. We discussed with management the ways in which climate change disclosures should continue to evolve as the group continues to develop its response to the impact of climate change. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£6.3m (2020: £6.0m).	£5.67m (2020: £5.3m).
How we determined it	5% of profit before tax and before charges for significant restructuring and historical legal provisions	1% of total assets (capped at 90% of group materiality)
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group and is a generally accepted auditing benchmark. This has been adjusted for charges relating to significant restructuring and historical legal provisions, consistent with the prior year.	As the parent entity, Reach plc is essentially a holding company for the group and therefore the materiality benchmark has been determined to be based on total assets, which is a generally accepted auditing benchmark.

For both components in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The materiality allocated across both components was £5.67m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £4.72m (2020: £4.5m) for the group financial statements and £4.25m (2020: £4.0m) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £320k (group audit) (2020: £300k) and £284k (parent company audit) (2020: £270k) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Reach plc continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Agreeing the going concern cash flow model to internal and external supporting evidence
- Reviewing the working capital movements and other cash items such as pension and tax cash outflows
- Reviewing the revised Revolving Credit Facility and agreeing key terms such as length of facility and covenants
- Ensuring appropriate forecast available facility headroom as well as headroom to related financial covenants. This included considering the appropriateness of management's downside scenarios and the adequacy of headroom in these scenarios

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 26 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent auditors' report to the members of Reach plc continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, data privacy law and the Listing Rules of the UK Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation, pensions regulations and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management estimates including the release of provisions, the posting of inappropriate journals to increase revenue or reduce expenditure, misappropriation of cash, and unusual and infrequent users. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Requesting legal confirmations from external lawyers and reviewing the nature of legal expenses.
- Challenging assumptions and judgements made by management in their significant accounting estimates, including impairment of intangible assets and investments as explained in the key audit matter above.
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above.
- With regards to data privacy law, procedures in respect of Historical Legal Issues set out in the key audit matter above.
- Assessing the classification of the adjusted items and other impacts on adjusted operating profit.
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit & Risk Committee, we were appointed by the directors on 7 June 2019 to audit the financial statements for the year ended 29 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 29 December 2019 to 26 December 2021.

Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

1 March 2022

Consolidated income statement

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

	notes	Adjusted 2021 £m	Adjusted items 2021 £m	Statutory 2021 £m	Adjusted 2020 £m	Adjusted items 2020 £m	Statutory 2020 £m
Revenue	5	615.8	–	615.8	600.2	–	600.2
Cost of sales		(329.4)	–	(329.4)	(303.2)	–	(303.2)
Gross profit		286.4	–	286.4	297.0	–	297.0
Distribution costs		(41.1)	–	(41.1)	(46.2)	–	(46.2)
Administrative expenses		(102.4)	(65.2)	(167.6)	(119.6)	(125.0)	(244.6)
Share of results of associates	19	3.2	(1.6)	1.6	2.6	(1.2)	1.4
Operating profit	6	146.1	(66.8)	79.3	133.8	(126.2)	7.6
Interest income	9	0.1	–	0.1	0.1	–	0.1
Pension finance charge	20	–	(3.4)	(3.4)	–	(4.7)	(4.7)
Finance costs	10	(2.7)	–	(2.7)	(2.6)	–	(2.6)
Profit before tax		143.5	(70.2)	73.3	131.3	(130.9)	0.4
Tax charge	11	(26.9)	(43.5)	(70.4)	(24.9)	(2.2)	(27.1)
Profit/(loss) for the period attributable to equity holders of the parent		116.6	(113.7)	2.9	106.4	(133.1)	(26.7)

	notes	2021 Pence	2021 Pence	2020 Pence	2020 Pence
Earnings/(loss) per share					
Earnings/(loss) per share – basic	13	37.6	0.9	34.4	(8.6)
Earnings/(loss) per share – diluted	13	36.5	0.9	33.6	(8.6)

The above results were derived from continuing operations. Set out in note 35 is the reconciliation between the statutory and adjusted results.

Consolidated statement of comprehensive income

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

	notes	2021 £m	2020 £m
Profit/(loss) for the period		2.9	(26.7)
Items that will not be reclassified to profit and loss:			
Actuarial gain/(loss) on defined benefit pension schemes	20	102.9	(61.6)
Tax on actuarial gain/(loss) on defined benefit pension schemes	11	(26.0)	11.7
Deferred tax credit resulting from future change in rate	11	13.9	5.9
Share of items recognised by associates after tax	19	(0.6)	(0.5)
Other comprehensive income/(loss) for the period		90.2	(44.5)
Total comprehensive income/(loss) for the period		93.1	(71.2)

Consolidated statement of changes in equity

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Accumulated loss and other reserves £m	Total £m
At 30 December 2019	30.9	606.7	17.4	4.4	(24.2)	635.2
Loss for the period	–	–	–	–	(26.7)	(26.7)
Other comprehensive loss for the period	–	–	–	–	(44.5)	(44.5)
Total comprehensive loss for the period	–	–	–	–	(71.2)	(71.2)
Bonus issue of shares (note 28)	1.3	(1.3)	–	–	–	–
Credit to equity for equity-settled share-based payments	–	–	–	–	2.7	2.7
At 27 December 2020	32.2	605.4	17.4	4.4	(92.7)	566.7
Profit for the period	–	–	–	–	2.9	2.9
Other comprehensive income for the period	–	–	–	–	90.2	90.2
Total comprehensive income for the period	–	–	–	–	93.1	93.1
Purchase of own shares (note 28)	–	–	–	–	(3.3)	(3.3)
Credit to equity for equity-settled share-based payments	–	–	–	–	1.7	1.7
Deferred tax credit for equity-settled share-based payments (note 27)	–	–	–	–	2.4	2.4
Dividends paid (note 12)	–	–	–	–	(21.8)	(21.8)
At 26 December 2021	32.2	605.4	17.4	4.4	(20.6)	638.8

Consolidated cash flow statement

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

	notes	2021 £m	2020 £m
Cash flows from operating activities			
Cash generated from operations	14	163.7	121.3
Pension deficit funding payments	20	(64.7)	(53.9)
Income tax paid		(14.6)	(14.2)
Net cash inflow from operating activities		84.4	53.2
Investing activities			
Interest received	9	0.1	0.1
Dividends received from associated undertakings	19	2.5	0.5
Proceeds on disposal of property, plant and equipment		0.7	0.3
Purchases of property, plant and equipment	17	(6.5)	(1.9)
Expenditure on internally generated development	16	(6.0)	–
Deferred consideration payment	23	(16.0)	(18.9)
Acquisition of associated undertaking	19	(0.8)	(0.2)
Acquisition of subsidiary undertaking		–	(3.4)
Cash acquired on acquisition of subsidiary undertaking		–	2.3
Net cash used in investing activities		(26.0)	(21.2)
Financing activities			
Dividends paid	12	(21.8)	–
Interest and charges paid on bank borrowings		(1.4)	(1.2)
Drawdown of bank borrowings		–	25.0
Repayment of bank borrowings		–	(25.0)
Purchase of own shares	28	(3.3)	–
Interest paid on leases	25	(1.3)	(1.5)
Repayment of obligation under leases	25	(6.9)	(7.7)
Net cash used in financing activities		(34.7)	(10.4)
Net increase in cash and cash equivalents		23.7	21.6
Cash and cash equivalents at the beginning of the period	23	42.0	20.4
Cash and cash equivalents at the end of the period	23	65.7	42.0

Consolidated balance sheet

at 26 December 2021 (at 27 December 2020)

	notes	2021 £m	Restated 2020 £m
Non-current assets			
Goodwill	15	35.9	35.9
Other intangible assets	16	824.3	818.7
Property, plant and equipment	17	157.3	168.4
Right-of-use assets	18	12.7	25.3
Investment in associates	19	17.4	18.1
Retirement benefit assets	20	107.9	50.4
		1,155.5	1,116.8
Current assets			
Inventories	21	5.5	4.6
Trade and other receivables	22	102.3	107.7
Current tax receivable	11	13.5	2.8
Cash and cash equivalents	23	65.7	42.0
		187.0	157.1
Total assets		1,342.5	1,273.9
Non-current liabilities			
Trade and other payables	24	(6.4)	-
Deferred consideration	23	(7.0)	(24.1)
Lease liabilities	25	(30.7)	(35.5)
Retirement benefit obligations	20	(261.8)	(364.8)
Provisions	26	(43.6)	(25.2)
Deferred tax liabilities	27	(188.1)	(111.9)
		(537.6)	(561.5)
Current liabilities			
Trade and other payables	24	(114.7)	(92.1)
Deferred consideration	23	(17.1)	(16.0)
Lease liabilities	25	(5.5)	(6.1)
Provisions	26	(28.8)	(31.5)
		(166.1)	(145.7)
Total liabilities		(703.7)	(707.2)
Net assets		638.8	566.7

	notes	2021 £m	2020 £m
Equity			
Share capital	28,29	32.2	32.2
Share premium account	28,30	605.4	605.4
Merger reserve	28	17.4	17.4
Capital redemption reserve	28	4.4	4.4
Accumulated loss and other reserves	28	(20.6)	(92.7)
Total equity attributable to equity holders of the parent		638.8	566.7

The 2020 consolidated balance sheet has been restated to show the net amount of deferred tax assets and deferred tax liabilities, and to show current tax receivable separately on the face of the balance sheet (note 3).

These consolidated financial statements on pages 128 to 163 were approved by the Board of directors and authorised for issue on 1 March 2022.

They were signed on its behalf by:

Jim Mullen
Chief Executive Officer

Simon Fuller
Chief Financial Officer

Notes to the consolidated financial statements

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

1 General information

Reach plc is a public company limited by shares and listed on the London Stock Exchange. The Company is incorporated and domiciled in England and Wales. The Company's registered number is 82548. The address of the registered office is One Canada Square, Canary Wharf, London E14 5AP. The principal activities of the Group are discussed in the Strategic Report on pages 1 to 65.

These consolidated financial statements were approved for issue by the Board of directors on 1 March 2022. The Annual Report for the 52 weeks ended 26 December 2021 will be available on the Company's website at www.reachplc.com and at the Company's registered office at One Canada Square, Canary Wharf, London E14 5AP before the end of March 2022 and will be sent to shareholders who have elected to receive a hard copy with the documents for the Annual General Meeting to be held on 5 May 2022.

The Company presents the results on a statutory and adjusted basis and revenue trends on a statutory and like-for-like basis as described in note 3.

The presentational and functional currency of the Group is Sterling.

For administrative convenience, the consolidated financial statements are made up to a suitable date near the end of the calendar year. These consolidated financial statements have been prepared for the 52 weeks ended 26 December 2021 and the comparative period has been prepared for the 52 weeks ended 27 December 2020.

2 Adoption of new and revised standards

No standards and interpretations effective for the 52 weeks ended 26 December 2021 have had a material impact on the Group.

The following standards and interpretations, which have not been applied and when adopted are not expected to have a material impact on the Group, were in issue and will be effective for periods beginning on or after 1 January 2021 unless stated below:

- Covid-19-Related Rent Concessions – Amendments to IFRS 16; and
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

3 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

International Financial Reporting Standards (IFRS)

The Group has adopted standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee of the IASB in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The parent company financial statements of Reach plc for the 52 weeks ended 26 December 2021, prepared in accordance with applicable law and UK Accounting Practice, including FRS 101 'Reduced Disclosure Framework', are presented on pages 164 to 169.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the Group's annual consolidated financial statements and the Company's parent company financial statements.

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

The key factors considered by the directors were as follows:

- The performance of the business in 2021 and the progress being made in the implementation of the Group's Customer Value Strategy and the implications of the current economic environment including the continuing impact of COVID-19 and inflationary pressures. The Group undertakes regular forecasts and projections of trading, identifying areas of focus for management to improve the delivery of the Customer Value Strategy and mitigate the impact of any deterioration in the economic outlook;
- The impact of the competitive environment within which the Group's businesses operate;
- The impact on our business of key suppliers (in particular newsprint) being unable to meet their obligations to the Group;
- The impact on our business of key customers being unable to meet their obligations for services provided by the Group;
- The deficit funding contributions to the defined benefit pension schemes and payments in respect of historical legal issues; and
- The available cash reserves and committed finance facilities available to the Group. On 19 November 2021 the Group agreed a £120m facility which expires on 18 November 2025. Drawings can be made with 24 hours' notice and the facility was undrawn at the reporting date.

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

The directors have reasonable expectations that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group's annual consolidated financial statements and the Company's parent company financial statements.

3 Accounting policies continued

Basis of accounting

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The consolidated financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Reach plc and all entities controlled by it for the 52 weeks ended 26 December 2021. Control is achieved where the Company has the power to govern the financial and operating policies of the investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

On the acquisition of a business, including an interest in an associated undertaking or a joint venture, fair values are attributed to the Group's share of the identifiable assets and liabilities of the business existing at the date of acquisition and reflecting the conditions as at that date. Where necessary, adjustments are made to the financial statements of businesses acquired to bring their accounting policies in line with those used in the preparation of the consolidated financial statements. Results of businesses are included in the consolidated income statement from the effective date of acquisition and in respect of disposals up to the effective date of relinquishing control.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value at the acquisition date of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the profit or loss account as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Negative goodwill arising on an acquisition is recognised directly in the consolidated income statement upon acquisition. On

disposal of a subsidiary or associate, the remaining amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rated on the basis of the carrying amount of each asset in the unit, but subject to not reducing any asset below its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The Group has two cash-generating units (Publishing and Digital Classified Recruitment). All goodwill at the reporting date relates to Publishing.

Other intangible assets

Other intangible assets include acquired publishing rights and titles. On acquisition, the fair value of other intangible assets is calculated based on forecast discounted cash flows. On disposal, the carrying amount of the related other intangible asset is de-recognised and the gain or loss arising from de-recognition, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is recognised in the consolidated income statement.

Publishing rights and titles are initially recognised as an asset at fair value with an indefinite economic life. They are not subject to amortisation. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. Where the asset does not generate cash flows that are independent from other assets, value-in-use estimates are made based on the cash flows of the cash-generating unit to which the asset belongs. The publishing rights and titles are reviewed for impairment either at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value-in-use.

In assessing value-in-use the estimated future cash flows of the cash-generating unit relating to the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. Use of a post-tax discount rate to discount the future post-tax cash flows is materially equivalent to using a pre-tax discount rate to discount the future pre-tax cash flows. The impairment conclusion remains the same on a pre- or post-tax basis. If the recoverable amount of a cash-generating unit is estimated to be less than its carrying amount, the carrying value of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement in the period in which it occurs and may be reversed in subsequent periods.

The Group has two cash-generating units (Publishing and Digital Classified Recruitment). All other intangible assets at the reporting date relate to Publishing.

During the year, the Group has capitalised internally generated assets relating to software and website development costs.

Notes to the consolidated financial statements continued

3 Accounting policies continued

Other intangible assets continued

In accordance with IAS 8, the prior period has not been restated as the effect of applying this policy would be immaterial. Costs incurred are only capitalised if the criteria specified in IAS 38 are met. Development costs will only be capitalised when the project is technically feasible, the intention is to complete the asset and use or sell it, the asset will generate future economic benefit and the development costs can be reliably measured. The development costs are costs directly attributable to the design and testing of software and website development. Expenditure which does not meet the criteria above is recognised in the period in which it is incurred. These assets are amortised using the straight-line method over their estimated useful lives (3–5 years). Amortisation is recognised in the consolidated income statement within administrative expenses.

Investment in associates

Associates are all entities over which the Group has significant influence but not control and are accounted for by the equity method of accounting, initially recognised at cost. The Group's share of associates' post-acquisition profits or losses after tax is recognised in the consolidated income statement and its share of other comprehensive income is recognised in the consolidated statement of comprehensive income.

Revenue recognition

Revenue is recognised in line with IFRS 15 and in accordance with the 5 Step model framework. Revenue primarily comprises sales of goods and services excluding sales taxes. Revenue is measured based on the consideration received, net of applicable discounts and value added tax to which the Group expects to be entitled.

The sources of revenue for the Group are circulation, print advertising (including digital classified which is predominantly upsold from print), printing (including third-party printing contracts), print other (contract publishing, syndication and events) and digital (display and transactional revenue streams). Revenue is recognised when the performance obligations identified in the contract are fulfilled, with revenue being measured as the transaction price allocated in respect of that performance obligation.

Payment is received in line with the satisfaction of performance obligations. Where this is not the case, accrued or deferred revenue is recognised. The majority of customers are on a credit term of 25 to 60 days.

The Group recognises revenue when it transfers control of a product or service to a customer. The following accounting policies are applied to the principal revenue generating activities in which the Group is engaged:

Circulation revenue

The Group sells newspapers and magazines through wholesalers on a sale and return basis. Revenue is recognised when the performance obligation has been fulfilled being when the publication has been delivered to the wholesaler. Revenue is measured at cover price less the contractual wholesaler and retailer margins.

Print advertising revenue

Print advertising revenue includes digital classified revenue which is predominantly upsold from print advertising. Revenue comprises third-party clients and agency

contracts. The performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time, revenue is recognised on a straight-line basis over the period of the campaign reflecting the pattern in which the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract. Rebates are recognised based on the level of third-party spend over the contract period. Rebates are only recognised where the third party has a clear entitlement to the receipt of the rebate and a reliable estimate can be made.

Printing revenue

Printing revenue mainly comprises third-party printing contracts. Printing revenue is recognised at a point when the service is provided and the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract.

Print other revenue

Print other revenue includes contract publishing, syndication and events. Within print other revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the product or holding of the event, or when the goods have been purchased by a reader or at a point when the service is provided and the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract.

Digital revenue

For digital display advertising revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time, revenue is recognised over the period of the online campaign on a straight-line basis or pages served basis reflecting the pattern in which the performance obligation is fulfilled. For digital transaction revenue, the performance obligation is fulfilled, and revenue is recognised, when the service is provided. Revenue is measured at the transaction price in the contract.

Government grants

Grants from the Government relate to amounts received under the Coronavirus Job Retention Scheme. These grants are recognised in the income statement to match them with the costs that they are intended to compensate for. No amounts have been received under this scheme for the 52 weeks ending 26 December 2021.

Leases

Leases are recognised on the balance sheet as a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's weighted average incremental borrowing rate and subsequently held at amortised cost in accordance with IFRS 9. Finance costs are charged to the income statement over the lease term, at a constant periodic rate of interest. Right-of-use assets are depreciated over the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The Group does not act as a lessor.

3 Accounting policies continued

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. At each reporting date, items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on settlement and on retranslation are included in the consolidated income statement for the period.

Retirement benefits

The Group operates a number of defined benefit pension schemes, all of which have been set up under trusts that hold their financial assets independently from those of the Group and are controlled by Trustees. The amount recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the reporting date less the fair value of scheme assets. The resultant liability or asset of each scheme is included in non-current liabilities or non-current assets as appropriate.

Any surplus recognised is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions. Where surpluses are not recognised, a liability is recognised being the value of future committed deficit contribution. The defined benefit obligation is calculated at each reporting date by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds approximating to the terms of the related pension liability.

The Group operates defined contribution pension schemes which are set up under Trusts that hold the financial assets independently from those of the Group and are controlled by Trustees. The Group also operated Group Personal Pension Plans which were defined contribution pension schemes where employees hold a personal policy directly with the policy provider. Payments to defined contribution pension schemes are charged as an expense as they fall due.

Tax

The tax expense represents the sum of the corporation tax currently payable and deferred tax.

The corporation tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement except when it relates to items charged or credited in the consolidated statement of comprehensive income or items charged or credited directly to equity, in

which case the deferred tax is also dealt with in the consolidated statement of comprehensive income and equity respectively.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Consolidated balance sheet restatement of deferred tax in 2020

The Group has restated the consolidated balance sheet at 27 December 2020 to reclassify deferred tax assets of £60.5m in non-current assets and £172.4m deferred tax liabilities in non-current liabilities to show a net amount of deferred tax of £111.9m in non-current liabilities. This restatement has not impacted the financial performance or position of the Group at 27 December 2020.

The consolidated balance sheet at 29 December 2019 has deferred tax assets of £55.9m and deferred tax liabilities of £159.3m which shows a net amount of deferred tax liability of £103.4m. This restatement has also not impacted the financial performance or position of the Group at 29 December 2019.

Consolidated balance sheet restatement of current tax receivable in 2020

The Group has restated the consolidated balance at 27 December 2020 to show current tax receivable of £2.8m separately on the face of the consolidated balance sheet. There was no current tax receivable at 29 December 2019.

This restatement has not impacted the financial performance or position of the Group at 29 December 2019 and 27 December 2020.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated balance sheet at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and all directly attributable costs of bringing the asset to its location and condition necessary to operate as intended.

Depreciation is charged so as to write-off the cost, other than freehold land and assets under construction which are not depreciated, using the straight-line method over the estimated useful lives of buildings (15–67 years) and plant and equipment (3–25 years). Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated income statement

Notes to the consolidated financial statements continued

3 Accounting policies continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest. Conversion to a readily known amount of cash occurs over a short period and is subject to an insignificant risk of changes in value. Therefore balances are initially recognised at fair value and subsequently at amortised cost.

The Group recognises a loss allowance for expected credit losses (ECL) on trade receivables and accrued income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognises lifetime ECL for trade receivables and accrued income. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet the following criteria are generally not recoverable:

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) Significant financial difficulty of the debtor;
- (b) A breach of contract, such as a default or past due event;
- (c) It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term bank deposits with an original maturity of one week or less.

Borrowings

Sterling interest bearing loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Foreign currency interest bearing loans are recorded at the exchange rate at the reporting date. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Trade payables

Trade payables are not interest bearing. Payments occur over a short period and are subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated based on prior experience and assessment of the current economic environment.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

3 Accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provisions are made for legal and other costs in respect of historical litigation and other matters in progress and for estimated damages where it is judged probable that damages will be payable.

Share-based payments

The Group issues equity-settled benefits to certain employees. These equity-settled share-based payments are measured at fair value at the date of grant taking advice from third-party experts. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of a stochastic (Monte-Carlo binomial) model. The expected life used in the model has been adjusted, based on the directors' best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where the Group's own shares are purchased, the consideration paid including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are cancelled, the nominal value of shares cancelled is shown in the capital redemption reserve. Where such shares are subsequently reissued or disposed of, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

Alternative performance measures

The Company presents the results on a statutory and adjusted basis and revenue trends on a statutory and like-for-like basis. The Company believes that the adjusted basis and like-for-like trends will provide investors with useful supplemental information about the financial performance of the Group, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key performance indicators used by management in operating the Group and making decisions. Although management believes the adjusted basis is important in evaluating the Group, it is not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a

statutory basis. The alternative performance measures are not recognised measures under IFRS and do not have standardised meanings prescribed by IFRS and may be different to those used by other companies, limiting the usefulness for comparison purposes. Note 35 sets out the reconciliation between the statutory and adjusted results. An adjusted cash flow is presented in note 36 which reconciles the adjusted operating profit to the net change in cash and cash equivalents. Set out in note 37 is the reconciliation between the statutory and adjusted cash flow. Note 38 shows the reconciliation between the statutory and like-for-like revenues.

Adjusting items

Adjusting items relate to costs or income that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. All operating adjusting items are recognised within administrative expenses. Details of adjusting items are set out in note 35 with additional information in notes 8, 11 and 20.

Key sources of estimation uncertainty

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

Historical Legal Issues (notes 26 and 34)

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

During 2021, the number of new claims, the progression of claims, the settlement amount and the associated legal costs have been ahead of historical trends and experience. This has resulted in a change to the provision estimate and a further charge of £29.0m in the year. At the period end, a provision of £41.0m remains outstanding and this represents the current best estimate of the amount required to resolve this historical matter. The majority of the provision is expected to be utilised within the next three years.

Our view on the range of outcomes at the reporting date for the provision, applying more and less favourable outcomes to all aspects of the provision is £32m to £53m. However, it is unknown how long it will take to fully resolve this matter and despite making a best estimate of the provision, the timing of utilisation and possible range, the total universe of claims is unknown and there are both ongoing legal matters and the potential for new legal matters which could mean that the final outcome is outside of the range of outcomes. Due to these unquantifiable uncertainties, a contingent liability has been highlighted in note 34.

Notes to the consolidated financial statements continued

3 Accounting policies continued

Key sources of estimation uncertainty continued

Taxation (note 11)

There is uncertainty as to the tax deductibility of expenditure relating to historical legal issues in the current year and additional tax liabilities that may fall due in relation to earlier years. At the reporting date, the maximum amount of the additional unprovided tax exposure relating to this uncertain tax item is £7.4m (2020: £6.0m). There is uncertainty as to the final outcome and timing of this item, with a possible range of outcomes for the potential tax exposure being nil to £25.1m.

Retirement benefits (note 20)

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

Impairment review (note 16)

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

Restructuring and property provisions (note 26)

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

Critical judgements in applying the Group's accounting policies

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

Indefinite life assumption in respect of publishing rights and titles (note 16)

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

Identification of cash-generating units (note 16)

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

4 Segments

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

5 Revenue

	2021 £m	2020 £m
Print	465.1	479.3
Circulation	312.9	319.7
Advertising	103.3	108.4
Printing	20.4	25.2
Other	28.5	26.0
Digital	148.3	118.3
Other	2.4	2.6
Total revenue	615.8	600.2

The Group's operations are located primarily in the UK. The Group's revenue by location of customers is set out below:

	2021 £m	2020 £m
UK and Republic of Ireland	615.2	598.5
Continental Europe	0.5	1.6
Rest of World	0.1	0.1
Total revenue	615.8	600.2

The Group has two customers (representing the majority of the circulation revenue) where revenues represent more than 10% of total revenue.

6 Operating profit

	2021 £m	2020 £m
Operating profit for the period is arrived at after (charging)/crediting:		
Staff costs (note 7)	(232.1)	(217.2)
Cost of inventories recognised as cost of sales	(61.2)	(54.9)
Amortisation of other intangible assets (note 16)	(0.4)	–
Impairment of property, plant and equipment (note 17)	–	(1.8)
Write-off of property, plant and equipment (note 17)	–	(1.4)
Depreciation of property, plant and equipment (note 17)	(15.3)	(20.2)
Depreciation of right-of-use assets (note 18)	(3.6)	(7.2)
Trade receivables release of provision/(impairment) (note 22)	0.3	(0.3)
Net foreign exchange loss	(0.5)	(0.1)
Operating adjusted items (note 8)		
– excluding associates	(65.2)	(125.0)
– share of associates	(1.6)	(1.2)
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(0.7)	(0.4)
Fees payable to the Company's auditor for the other services to the Group:		
– the audit of the Company's subsidiaries	(0.5)	(0.5)
Total audit fees	(1.2)	(0.9)
Non-audit fees payable to the Company's auditor for:		
– audit-related assurance services	(0.1)	(0.1)
Total non-audit fees	(0.1)	(0.1)
Total fees	(1.3)	(1.0)

A description of the work of the Audit & Risk Committee is set out in the Audit & Risk Committee Report on pages 90 to 97 and includes an explanation of how the objectivity and independence of the auditor are safeguarded when non-audit services are provided by the auditor.

7 Staff costs

The average monthly number of persons, including executive directors, employed by the Group in the period was:

	2021 Number	2020 Number
Production and editorial	3,104	3,039
Sales and distribution	931	928
Administration	395	516
Total	4,430	4,483

All employees are primarily employed in the UK. The above excludes casual employees working for the Group during the period due to the impracticality of determining an average.

Staff costs, including directors' emoluments, incurred during the period were:

	2021 £m	2020 £m
Wages and salaries	(193.2)	(177.2)
Social security costs	(20.1)	(19.9)
Share-based payments charge in the period (note 31)	(1.7)	(2.7)
Pension costs relating to defined contribution pension schemes (note 20)	(17.1)	(17.4)
Total	(232.1)	(217.2)

Wages and salaries include bonuses payable in the period. Included within staff costs in 2020 is £6.8m of receipts the Group received from the Coronavirus Job Retention Scheme. Restructuring costs and the National Insurance costs relating to share awards which are included in operating adjusted items (note 8) are excluded from staff costs.

Disclosure of individual directors' remuneration, share awards, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Conduct Authority are shown in the tables in the Remuneration Report on pages 98 to 112 and form part of these consolidated financial statements.

Notes to the consolidated financial statements continued

8 Operating adjusted items

	2021 £m	2020 £m
Provision for historical legal issues (note 26)	(29.0)	(12.5)
Impairment of property, plant and equipment (note 17)	(2.3)	(34.7)
Impairment of right-of-use assets (note 18)	(10.5)	(13.7)
Provision for property rationalisation (note 26)	(10.9)	-
Restructuring charges in respect of cost reduction measures (note 26)	(2.8)	(36.4)
Pension administrative expenses and past service costs (note 20)	(3.7)	(6.1)
Impairment of goodwill (note 15)	-	(6.1)
Provision for historical property development (note 35)	-	(15.5)
Other items (note 35)	(6.0)	-
Operating adjusted items included in administrative expenses	(65.2)	(125.0)
Operating adjusted items included in share of results of associates (note 19)	(1.6)	(1.2)
Total operating adjusted items	(66.8)	(126.2)

Operating adjusted items relate to costs or income that derive from events or transactions that fall within the normal activities of the Group, but are excluded from the Group's adjusted profit measures, individually or, if of a similar type in aggregate, due to their size and/or nature in order to better reflect management's view of the performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. Set out in note 35 is the reconciliation between the statutory and adjusted results which includes descriptions of the items included in adjusted items.

The Group has recorded a £29.0m increase in the provision for historical legal issues relating to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information gathering (note 26).

In the first half of 2021, the Group implemented a Home and Hub project which set out the vision for how the Group's offices would look and where job roles would be based. As a consequence of the project a number of offices or floors have been closed. The project has resulted in charges of £23.7m (impairments of £2.3m relating to property, plant and equipment and £10.5m relating to right-of-use assets and a £10.9m property rationalisation charge relating to onerous costs of vacant properties).

Restructuring charges include £1.4m of costs relating to the integration of the Irish Daily Star which was acquired in 2020 and a further £1.4m of restructuring relating to the closure of two print sites at the end of 2020.

Other items relate to adviser costs in relation to the triennial funding valuations (£1.2m), National Insurance costs relating to share awards (£2.6m) and the write-off of an old debit balance (£2.9m) partially offset by profit on sales of print assets (£0.7m).

9 Interest income

	2021 £m	2020 £m
Interest income on bank deposits	0.1	0.1

10 Finance costs

	2021 £m	2020 £m
Interest and charges on bank borrowings	(1.4)	(1.1)
Interest on lease liabilities	(1.3)	(1.5)
Finance costs	(2.7)	(2.6)

11 Tax charge

	2021 £m	2020 £m
Corporation tax charge for the period	(4.8)	(2.7)
Prior period adjustment	0.9	-
Current tax charge	(3.9)	(2.7)
Deferred tax charge for the period	(12.8)	(5.7)
Prior period adjustment	0.2	0.3
Deferred tax rate change	(53.9)	(19.0)
Deferred tax charge	(66.5)	(24.4)
Tax charge	(70.4)	(27.1)

	2021 £m	2020 £m
Reconciliation of tax charge		
Profit before tax	73.3	0.4
Standard rate of corporation tax of 19% (2020: 19%)	(13.9)	(0.1)
Tax effect of items that are not deductible in determining taxable profit	(4.0)	(6.1)
Change in rate of deferred tax	(53.9)	(19.0)
Prior period adjustment	1.1	0.3
Tax effect of share of results of associates	0.3	0.3
Release of deferred tax on losses no longer expected to be recoverable	-	(2.5)
Tax charge	(70.4)	(27.1)

11 Tax charge continued

The standard rate of corporation tax for the period is 19% (2020: 19%). The tax effect of items that are not deductible in determining taxable profit includes certain costs where there is uncertainty as to their deductibility. The current tax receivable of £13.5m (2020: £2.8m current tax receivable) is net of the uncertain tax provision of £17.7m (2020: £13.8m). At the reporting date, the maximum amount of the additional unprovided tax exposure relating to an uncertain tax item is £7.4m (2020: £6.0m). There is uncertainty as to the final outcome and timing of this item, with a possible range of outcomes for the potential tax exposure being nil to £25.1m.

The Budget on 5 March 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. At 26 December 2021, this rate change had been substantively enacted by parliament meaning that the opening deferred tax position has been recalculated in the period resulting in a £53.9m debit in the consolidated income statement and a £13.9m credit in the consolidated statement of comprehensive income.

The tax on actuarial gains (2020: losses) on defined benefit pension schemes taken to the consolidated statement of comprehensive income is a deferred tax charge of £26.0m (2020: credit of £11.7m).

The amount taken to the consolidated income statement as a result of pension contributions was £10.1m (2020: £11.7m).

12 Dividends

	2021 Pence per share	2020 Pence per share
Amounts recognised as distributions to equity holders in the period		
Dividends paid per share – prior year final dividend	4.26	–
Dividends paid per share – interim dividend	2.75	–
Total dividends paid per share	7.01	–
Dividend proposed per share but not paid nor included in the accounting records	4.46	4.26

The Board proposes a final dividend for 2021 of 4.46 pence per share. An interim dividend for 2021 of 2.75 pence per share was paid on 24 September 2021 bringing the total dividend in respect of 2021 to 7.21 pence per share. The 2021 final dividend payment is expected to amount to £14.0m.

On 6 May 2021, the final dividend proposed for 2020 of 4.26 pence per share was approved by shareholders at the Annual General Meeting and was paid on 2 June 2021.

Total dividends paid in 2021 were £21.8m (2020 final dividend payment of £13.2m and 2021 interim dividend payment of £8.6m).

13 Earnings per share

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

	2021 Thousand	2020 Thousand
Weighted average number of ordinary shares for basic earnings per share	310,282	309,430
Effect of potential dilutive ordinary shares in respect of share awards	8,971	6,818
Weighted average number of ordinary shares for diluted earnings per share	319,253	316,248

The weighted average number of potentially dilutive ordinary shares not currently dilutive was 1,704,886 (2020: 2,542,234).

Statutory earnings/(loss) per share	2021 Pence	2020 Pence
Earnings/(loss) per share – basic	0.9	(8.6)
Earnings/(loss) per share – diluted	0.9	(8.6)

Adjusted earnings per share	2021 Pence	2020 Pence
Earnings per share – basic	37.6	34.4
Earnings per share – diluted	36.5	33.6

Set out in note 35 is the reconciliation between the statutory and adjusted results.

Notes to the consolidated financial statements continued

14 Cash flows from operating activities

	2021 £m	2020 £m
Operating profit	79.3	7.6
Depreciation of property, plant and equipment	15.3	20.2
Depreciation of right-of-use assets	3.6	7.2
Amortisation of other intangible assets	0.4	–
Impairment of goodwill	–	6.1
Impairment of right-of-use assets	10.5	13.7
Impairment of property, plant and equipment	2.3	36.5
Write-off of property, plant and equipment	–	1.4
Profit on disposal of property, plant and equipment	(0.7)	–
Share of results of associates	(1.6)	(1.4)
Share-based payments charge	1.7	3.6
Pension administrative expenses	3.7	4.6
Pension past service costs	–	1.5
Operating cash flows before movements in working capital	114.5	101.0
(Increase)/decrease in inventories	(0.9)	1.3
Decrease in receivables	5.6	8.9
Increase in payables	44.5	10.1
Cash flows from operating activities	163.7	121.3

15 Goodwill

	Total £m
Cost	
At 30 December 2019	189.9
At 27 December 2020	189.9
At 26 December 2021	189.9
Accumulated impairment	
At 30 December 2019	(147.9)
Impairment	(6.1)
At 27 December 2020	(154.0)
At 26 December 2021	(154.0)
Carrying amount	
At 27 December 2020	35.9
At 26 December 2021	35.9

The Group has two cash-generating units (Publishing and Digital Classified Recruitment). All goodwill at the reporting date relates to Publishing. The goodwill relating to Digital Classified Recruitment was impaired in 2020. Note 16 sets out the results of the impairment review at the reporting date relating to Publishing.

16 Other intangible assets

	Publishing rights and titles £m	Internally generated assets £m	Total £m
Cost			
At 30 December 2019	2,091.6	–	2,091.6
Addition	8.7	–	8.7
At 27 December 2020	2,100.3	–	2,100.3
Additions	–	6.0	6.0
At 26 December 2021	2,100.3	6.0	2,106.3
Accumulated amortisation			
At 30 December 2019	(1,281.6)	–	(1,281.6)
At 27 December 2020	(1,281.6)	–	(1,281.6)
Charge for the period	–	(0.4)	(0.4)
At 26 December 2021	(1,281.6)	(0.4)	(1,282.0)
Carrying amount			
At 27 December 2020	818.7	–	818.7
At 26 December 2021	818.7	5.6	824.3

The Group has two cash-generating units (Publishing and Digital Classified Recruitment). All other intangible assets at the reporting date relate to Publishing.

During the year, the Group has capitalised internally generated assets relating to software and website development costs of £6.0m. These assets are amortised using the straight-line method over their estimated useful lives (3–5 years).

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

16 Other intangible assets continued

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

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

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

For the impairment review, cash flows have been prepared using the approved Budget for 2022 and projections for a further nine years as this is the period over which the transformation to digital can be assessed. The projections for 2023 to 2031 are internal projections based on continued decline in print revenues and growth in digital revenues and the associated change in the cost base as a result of the changing revenue mix. The Group's medium-term internal projections are that growth in digital revenue will be sufficient to offset the decline in print revenue and that overall revenue will stabilise. The long-term growth rates beyond the 10-year period have been assessed at 0% based on the Board's view of the market position and maturity of the relevant market. We continue to believe that there are significant longer-term benefits of our scale national and local digital audiences and there are opportunities to grow revenue and profit in the longer term.

The discount rate reflects the weighted average cost of capital of the Group. The current post-tax and equivalent pre-tax discount rate used is 10.8% (2020: 10.9%) and 14.2% (2020: 13.4%) respectively.

The impairment review is highly sensitive to reasonably possible changes in key assumptions used in the value-in-use calculations and there is continued uncertainty due to COVID-19. The headroom in the impairment review is £411m. EBITDA in the 10-year projections is forecast to grow at a CAGR of 1.3%. A combination of reasonably possible changes in key assumptions such as print revenue declining at a faster rate than projected, digital revenue growth being significantly lower than projected or the associated change in the cost base being different than projected, could lead to an impairment if these resulted in the EBITDA in the 10-year projections declining at a CAGR of 5.0%. Alternatively an increase in the discount rate by 5.6 percentage points would lead to the removal of the headroom.

17 Property, plant and equipment

	Freehold land and buildings £m	Plant and equipment £m	Asset under construction £m	Total £m
Cost				
At 30 December 2019	204.9	365.5	3.5	573.9
Additions	–	–	1.9	1.9
Disposals	(0.3)	–	–	(0.3)
Reclassification	–	3.4	(3.4)	–
Write-off of assets	–	–	(1.4)	(1.4)
At 27 December 2020	204.6	368.9	0.6	574.1
Additions	–	4.3	2.2	6.5
Disposals	–	(13.3)	–	(13.3)
Reclassification	–	0.6	(0.6)	–
At 26 December 2021	204.6	360.5	2.2	567.3
Accumulated depreciation and impairment				
At 30 December 2019	(83.8)	(265.2)	–	(349.0)
Charge for the period	(3.1)	(17.1)	–	(20.2)
Impairment	(9.8)	(26.7)	–	(36.5)
At 27 December 2020	(96.7)	(309.0)	–	(405.7)
Charge for the period	(2.6)	(12.7)	–	(15.3)
Eliminated on disposal	–	13.3	–	13.3
Impairment	–	(2.3)	–	(2.3)
At 26 December 2021	(99.3)	(310.7)	–	(410.0)
Carrying amount				
At 27 December 2020	107.9	59.9	0.6	168.4
At 26 December 2021	105.3	49.8	2.2	157.3

Impairment of property, plant and equipment amounted to £2.3m (note 8) in the period as a result of the Home and Hub project which means that a number of offices or floors have been closed.

Impairment of property, plant and equipment in 2020 amounted to £36.5m. Included within this is the closure of two print plants which resulted in an impairment of £34.7m (note 8) comprising freehold land and buildings of £8.6m and plant and equipment of £26.1m.

Notes to the consolidated financial statements continued

18 Right-of-use assets

	Properties £m	Vehicles £m	Total £m
Cost			
On transition to IFRS 16	43.1	2.5	45.6
Additions	0.1	0.5	0.6
At 27 December 2020	43.2	3.0	46.2
Additions	1.1	0.4	1.5
Derecognition at end of lease term	(1.2)	-	(1.2)
At 26 December 2021	43.1	3.4	46.5
Accumulated depreciation and impairment			
At 30 December 2019	-	-	-
Charge for the period	(6.2)	(1.0)	(7.2)
Impairment	(13.7)	-	(13.7)
At 27 December 2020	(19.9)	(1.0)	(20.9)
Charge for the period	(2.6)	(1.0)	(3.6)
Impairment	(10.5)	-	(10.5)
Derecognition at end of lease term	1.2	-	1.2
At 26 December 2021	(31.8)	(2.0)	(33.8)
Carrying amount			
At 27 December 2020	23.3	2.0	25.3
At 26 December 2021	11.3	1.4	12.7

Right-of-use assets of £10.5m (note 8) have been impaired in the year as a result of the Home and Hub project which means that a number of offices or floors have been closed. Right-of-use assets of £13.7m were impaired in 2020 as a result of the closure of a print site (note 8).

Amounts recognised in the consolidated income statement

The consolidated income statement includes the following amounts relating to leases:

	2021 £m	2020 £m
Depreciation of right-of-use assets	(3.6)	(7.2)
Impairment of right-of-use assets	(10.5)	(13.7)
Expenses relating to short-term leases	(0.2)	(0.5)
Interest expense (included in finance cost)	(1.3)	(1.5)
Total charged to the consolidated income statement	(15.6)	(22.9)

Amounts recognised in the consolidated cash flow statement

The total cash outflow for leases in 2021 was £8.2m (2020: £9.2m).

19 Investment in associates

Details of the Group's associates at 26 December 2021 are set out on page 179.

The carrying value of investments in associates is set out below:

	PA Media 2021 £m	Other 2021 £m	Total 2021 £m	PA Media 2020 £m	Other 2020 £m	Total 2020 £m
Opening balance	18.1	-	18.1	17.2	4.7	21.9
Investment	0.8	-	0.8	0.2	-	0.2
Dividends received	(2.5)	-	(2.5)	-	(0.5)	(0.5)
Share of results:	1.6	-	1.6	1.2	0.2	1.4
Results before adjusted items	3.2	-	3.2	2.4	0.2	2.6
Adjusted items	(1.6)	-	(1.6)	(1.2)	-	(1.2)
Share of other comprehensive loss	(0.6)	-	(0.6)	(0.5)	-	(0.5)
Deemed disposal of associate interest	-	-	-	-	(4.4)	(4.4)
Closing balance	17.4	-	17.4	18.1	-	18.1

The share of total comprehensive income from associates recognised in 2021 is £1.0m (2020: £0.9m).

During the year, the Group purchased £0.8m (2020: £0.2m) of additional share capital in PA Media Group Limited, taking the shareholding to 25.41% (2020: 23.96%).

The deemed disposal of associate interest in 2020 related to Independent Star Limited.

Information on principal associate:

Company	Country of incorporation	Class of shares	Shareholding	Accounting year end
PA Media Group Limited	UK	ordinary	25.41%	31 December

19 Investment in associates continued

The table below provides summarised financial information for PA Media Group Limited which is material to the Group. The information disclosed reflects the amounts presented in the financial statements and management accounts of the associate as amended to reflect adjustments made when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2021 £m	2020 £m
PA Media Group Limited		
Non-current assets	57.5	63.9
Current assets	45.8	46.1
Total assets	103.3	110.0
Current liabilities	(34.8)	(34.5)
Total liabilities	(34.8)	(34.5)
Net assets	68.5	75.5
Group's share of net assets	17.4	18.1
Revenue	99.2	87.9
Profit for the period	6.1	5.1
Group's share of profit for the period	1.6	1.2

The financial statements of PA Media Group Limited are made up to 31 December each year. For the purposes of applying the equity method of accounting, the audited financial statements of PA Media Group Limited for the year ended 31 December 2020 together with the management accounts up to the end of December 2021 have been used with appropriate year-end adjustments made. Included in the share of operating adjusted items of associates is after tax restructuring charges of £0.1m (2020: £0.3m) and after tax amortisation charges of £1.5m (2020: £0.9m). The share of other comprehensive loss of £0.6m (2020: £0.5m) relates primarily to pensions.

20 Retirement benefit schemes

Defined contribution pension schemes

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

The current service cost charged to the consolidated income statement for the year of £17.1m (2020: £17.4m) represents contributions paid by the Group at rates specified in the scheme rules. All amounts that were due have been paid over to the schemes at all reporting dates.

Defined benefit pension schemes

Background

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

- Trinity Mirror schemes (the 'TM Schemes'): the MGN Pension Scheme (the 'MGN Scheme'), the Trinity Retirement Benefit Scheme (the 'Trinity Scheme') and the Midland Independent Newspapers Pension Scheme (the 'MIN Scheme'); and
- Express & Star schemes (the 'E&S Schemes'): the Express Newspapers 1988 Pension Fund (the 'EN88 Scheme'), the Express Newspapers Senior Management Pension Fund (the 'ENSM Scheme') and the West Ferry Printers Pension Scheme (the 'WF Scheme').

Characteristics

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

Maturity profile and cash flow

Across all of the schemes, the uninsured liabilities related 60% to current pensioners and their spouses or dependants and 40% to deferred pensioners. The average term from the period end to payment of the remaining uninsured benefits is expected to be around 16 years. Uninsured pension payments in 2021, excluding lump sums and transfer value payments, were £71m and these are projected to rise to an annual peak in 2034 of £104m and reducing thereafter.

Notes to the consolidated financial statements continued

20 Retirement benefit schemes continued

Funding arrangements

The funding of the Group's schemes is subject to UK pension legislation as well as the guidance and codes of practice issued by the Pensions Regulator. Funding targets are agreed between the Trustees and the Group and are reviewed and revised usually every three years. The funding targets must include a margin for prudence above the expected cost of paying the benefits and so are different to the liability value for IAS 19 purposes. The funding deficits revealed by these triennial valuations are removed over time in accordance with an agreed recovery plan and schedule of contributions for each scheme. The latest valuation date for all six of the Group's schemes was 31 December 2019.

Discussions in relation to the funding valuations of the TM Schemes at 31 December 2019 are ongoing. The funding valuations of the schemes: at 31 December 2016 for the MGN Scheme showed a deficit of £476.0m, for the Trinity Scheme showed a deficit of £78.0m and for the MIN Scheme showed a deficit of £68.2m. The Group paid contributions of £52.0m to the TM Schemes in 2021 and the current schedule of contributions includes payments of £52.0m pa from 2022 to 2027.

The funding valuations of the E&S Schemes at 31 December 2019 have been agreed. For the EN88 Scheme this showed a deficit of £25.1m and for the ENSM Scheme this showed a deficit of £0.9m. The Group paid contributions of £3.1m to these schemes in 2021 and the agreed schedule of contributions includes payments of £3.1m pa in 2022 and 2023, £2.9m pa in 2024, 2025 and 2026 and £0.9m in 2027. The Group paid £9.6m to the WF Scheme in 2021 which together with the payment of £5.0m made in 2020 enabled the Trustees to purchase a bulk annuity and the scheme now has all pension liabilities covered by annuity policies and no further funding is expected.

Group contributions in respect of the defined benefit pension schemes in the year were £64.7m (2020: £53.9m).

At the reporting date, the funding deficits in all schemes are expected to be removed before or around 2027 by a combination of the contributions and asset returns. Contributions (which include funding for pension administrative expenses) are payable monthly. Contributions per the current schedule of contributions are for £55.1m pa in 2022 and 2023, £54.9m pa in 2024 to 2026 and £52.9m in 2027.

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

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

Risks

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

The main sources of risk are:

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

20 Retirement benefit schemes continued

Risks continued

These risks are managed by:

- investing in insured annuity policies: the income from these policies exactly matches the benefit payments for the members covered, removing all of the above risks. At the reporting date the insured annuity policies covered 14% of total liabilities;
- investing a proportion of assets in other classes such as government and corporate bonds and in liability driven investments: changes in the values of the assets aim to broadly match changes in the values of the uninsured liabilities, reducing the investment risk, however some risk remains as the durations of the bonds are typically shorter than those of the liabilities and so the values may still move differently. At the reporting date non-equity assets amounted to 82% of assets excluding the insured annuity policies;
- investing a proportion of assets in equities: with the aim of achieving outperformance and so reducing the deficits over the long term. At the reporting date this amounted to 18% of assets excluding the insured annuity policies; and
- the gradual sale of equities over time to purchase additional annuity policies or liability matching investments: to further reduce risk as the schemes, which are closed to future accrual, mature.

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

The E&S Schemes and the Trinity Scheme have an accounting surplus at the reporting date, before allowing for the IFRIC 14 asset ceiling. Across the MGN Scheme and the MIN Scheme, the invested assets are expected to be sufficient to pay the uninsured benefits due up to 2047, based on the reporting date assumptions. The remaining uninsured benefit payments, payable from 2048, are due to be funded by a combination of asset outperformance and the deficit contributions currently scheduled to be paid up to 2027. For the MGN Scheme and MIN Scheme, actuarial projections at the year-end reporting date show removal of the combined accounting deficit by the end of 2025 due to scheduled contributions and asset returns at the current target rate. From this point, the assets are projected to be sufficient to fully fund the liabilities on the accounting basis. The Group is not exposed to any unusual, entity specific or scheme specific risks. Other than the impact of GMP equalisation, there were no plan amendments, settlements or curtailments in 2021 or 2020 which resulted in a pension cost.

Results

For the purposes of the Group's consolidated financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the estimated value of the scheme assets at 26 December 2021.

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

	2021	2020
Financial assumptions (nominal % pa)		
Discount rate	1.83	1.49
Retail price inflation rate	3.46	2.86
Consumer price inflation rate	1.0% pa lower than RPI to 2030 and equal to RPI thereafter	2.26
Rate of pension increases in deferment	3.24	2.36
Rate of pension increases in payment	3.40	3.25
Mortality assumptions – future life expectancies from age 65 (years)		
Male currently aged 65	21.8	21.9
Female currently aged 65	24.1	24.2
Male currently aged 55	21.5	21.6
Female currently aged 55	24.6	24.2

The defined benefit pension liabilities are valued using actuarial assumptions about future benefit increases and scheme member demographics, and the resulting projected benefits are discounted to the reporting date at appropriate corporate bond yields. For 2021, the financial assumptions have been derived for each scheme based on their individual circumstances, rather than considering the schemes in aggregate as has been done in the past. This is considered to be a more robust and accurate approach to setting assumptions and is estimated to have increased the net deficit by £20m. Note that the assumptions provided in the table above for the 2021 are the average assumptions across all of the schemes.

The discount rate should be chosen to be equal to the yield available on 'high quality' corporate bonds of appropriate term and currency. Previously the same discount rate assumption was adopted for all six schemes, having regard to the duration of the schemes' combined uninsured liabilities. For 2021, the discount rate has been set to reflect the full corporate bond yield curve with a different assumption for each scheme, based on the scheme-specific cash flows and set separately for uninsured and insured liabilities within each scheme, reflecting their respective durations.

Notes to the consolidated financial statements continued

20 Retirement benefit schemes continued

Results continued

The inflation assumptions are based on market expectations over the period of the liabilities. Previously the same inflation assumption was adopted for all six schemes, having regard to the duration of the schemes' combined inflation linkage. For 2021, the inflation assumptions have been set using the full inflation curve. The RPI assumption is set based on a margin deducted from the break-even RPI inflation curve. This margin, called an inflation risk premium, reflects the fact that the RPI market implied inflation curve can be affected by market distortions and as a result it is thought to overstate the underlying market expectations for future RPI inflation. Allowing for the extent of RPI linkage on the schemes' benefits pre and post 2030, the average inflation risk premium has been set at 0.3% (to broadly reflect 0.2% to 2030 and 0.4% thereafter). The CPI assumption is set based on a margin deducted from the RPI assumption, due to lack of market data on CPI expectations. Based on an analysis of the CPI-linkage of the cash flow profile of the schemes the assumed gap between RPI and CPI inflation is 1.0% per annum up to 2030 and 0.0% per annum beyond 2030, consistent with 2020.

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

	Effect on liabilities £m	Effect on deficit £m
Discount rate +/- 0.5% pa	-195/+220	-175/+195
Retail price inflation rate +/- 0.5% pa	+45/-44	+31/-30
Consumer price inflation rate +/- 0.5% pa	+53/-48	+50/-45
Life expectancy at age 65 +/- 1 year	+155/-150	+130/-125

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

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

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

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

	2021 £m	2020 £m
Consolidated income statement		
Pension administrative expenses	(3.7)	(4.6)
Past service costs	-	(1.5)
Pension finance charge	(3.4)	(4.7)
Defined benefit cost recognised in income statement	(7.1)	(10.8)
Consolidated statement of comprehensive income	2021 £m	2020 £m
Actuarial (loss)/gain due to liability experience	(22.0)	48.2
Actuarial gain/(loss) due to liability assumption changes	30.5	(304.6)
Total liability actuarial gain/(loss)	8.5	(256.4)
Returns on scheme assets greater than discount rate	48.6	209.6
Impact of IFRIC 14	45.8	(14.8)
Total gain/(loss) recognised in statement of comprehensive income	102.9	(61.6)

20 Retirement benefit schemes continued

	2021 £m	2020 £m
Consolidated balance sheet		
Present value of uninsured scheme liabilities	(2,395.0)	(2,545.5)
Present value of insured scheme liabilities	(393.4)	(318.6)
Total present value of scheme liabilities	(2,788.4)	(2,864.1)
Invested and cash assets at fair value	2,242.9	2,278.7
Value of liability matching insurance contracts	393.4	318.6
Total fair value of scheme assets	2,636.3	2,597.3
Funded deficit	(152.1)	(266.8)
Impact of IFRIC 14	(1.8)	(47.6)
Net scheme deficit	(153.9)	(314.4)
Non-current assets – retirement benefit assets	107.9	50.4
Non-current liabilities – retirement benefit obligations	(261.8)	(364.8)
Net scheme deficit	(153.9)	(314.4)
Net scheme deficit included in consolidated balance sheet	(153.9)	(314.4)
Deferred tax included in consolidated balance sheet	36.7	58.9
Net scheme deficit after deferred tax	(117.2)	(255.5)
Movement in net scheme deficit	2021 £m	2020 £m
Opening net scheme deficit	(314.4)	(295.9)
Contributions	64.7	53.9
Consolidated income statement	(7.1)	(10.8)
Consolidated statement of comprehensive income	102.9	(61.6)
Closing net scheme deficit	(153.9)	(314.4)

	2021 £m	2020 £m
Changes in the present value of scheme liabilities		
Opening present value of scheme liabilities	(2,864.1)	(2,663.9)
Past service costs	–	(1.5)
Interest cost	(41.8)	(50.5)
Actuarial (loss)/gain – experience	(22.0)	48.2
Actuarial gain/(loss) – change to demographic assumptions	1.6	(93.5)
Actuarial gain/(loss) – change to financial assumptions	28.9	(211.1)
Benefits paid	109.0	108.2
Closing present value of scheme liabilities	(2,788.4)	(2,864.1)

	2021 £m	2020 £m
Impact of IFRIC 14		
Opening impact of IFRIC 14	(47.6)	(32.8)
Decrease/(increase) in impact of IFRIC 14	45.8	(14.8)
Closing impact of IFRIC 14	(1.8)	(47.6)

	2021 £m	2020 £m
Changes in the fair value of scheme assets		
Opening fair value of scheme assets	2,597.3	2,400.8
Interest income	38.4	45.8
Actual return on assets greater than discount rate	48.6	209.6
Contributions by employer	64.7	53.9
Benefits paid	(109.0)	(108.2)
Administrative expenses	(3.7)	(4.6)
Closing fair value of scheme assets	2,636.3	2,597.3

Notes to the consolidated financial statements continued

20 Retirement benefit schemes continued

	2021 £m	2020 £m
Fair value of scheme assets		
UK equities	58.7	70.6
US equities	157.1	180.4
Other overseas equities	181.1	182.6
Property	40.5	40.2
Corporate bonds	260.9	320.6
Fixed interest gilts	34.9	99.0
Index linked gilts	18.3	72.7
Liability driven investment	903.4	819.8
Cash and other	588.0	492.8
Invested and cash assets at fair value	2,242.9	2,278.7
Value of insurance contracts	393.4	318.6
Fair value of scheme assets	2,636.3	2,597.3

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

21 Inventories

	2021 £m	2020 £m
Raw materials and consumables	5.5	4.6

22 Trade and other receivables

	2021 £m	2020 £m
Trade and other receivables		
Gross trade receivables	64.3	72.5
Expected credit loss	(1.1)	(1.5)
Net trade receivables	63.2	71.0
Prepayments	14.0	13.8
Accrued income	19.9	18.0
Other receivables	5.2	4.9
	102.3	107.7

Net trade receivables

Trade receivables net of expected credit loss at the reporting date amounted to £63.2m (2020: £71.0m). The average credit period taken on sales is 38 days (2020: 44 days). No interest is charged on the receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has provided fully for all receivables over six months because historical experience is such that these receivables are generally not recoverable.

Before accepting any new customers, the Group, where appropriate, uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed during the period where appropriate. There are two (2020: two) customers who individually represent more than 10% of net trade receivables. Included in the net trade receivables balance are debtors with a carrying amount of £3.6m (2020: £2.6m) which are past their due date at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 88 days (2020: 85 days).

	2021 £m	2020 £m
Ageing of past due but not impaired receivables		
60–90 days	2.2	1.8
90–120 days	1.1	0.7
120 days+	0.3	0.1
	3.6	2.6

	2021 £m	2020 £m
Movement in allowance for doubtful debts		
Opening balance	1.5	1.2
Acquisition of subsidiary undertakings	–	0.1
Impairment losses recognised	0.2	0.3
Release of provision	(0.5)	–
Utilisation of provision	(0.1)	(0.1)
Closing balance	1.1	1.5

	2021 £m	2020 £m
Ageing of impaired receivables		
120+ days	1.1	1.5
	1.1	1.5

The carrying amount of trade and other receivables approximates their fair value.

23 Net cash

The net cash for the Group is as follows:

	27 December 2020 £m	Cash flow £m	IFRS 16 lease liabilities movement		26 December 2021 £m
			Interest £m	New leases £m	
Current assets					
Cash and cash equivalents	42.0	23.7	-	-	65.7
Net cash	42.0	23.7	-	-	65.7
Lease liabilities	(41.6)	8.2	(1.3)	(1.5)	(36.2)
Net cash less lease liabilities	0.4				29.5

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

On 19 November 2021, the Group entered into a new revolving credit facility of £120.0m which expires on 18 November 2025 and is an increase from the previous available facility of £65.0m. The Group had no drawings at the reporting date and the facility is subject to two covenants: Interest Cover and Net Debt to EBITDA, both of which were met at the reporting date.

Acquisition deferred consideration

Deferred consideration (which is shown separately on the face of the consolidated balance sheet) is in respect of the acquisition of Express & Star. Payment of the first instalment of £18.9m was made on 28 February 2020 and the second instalment of £16.0m was made on 28 February 2021. Of the remaining amount of £24.1m, £17.1m is classified as current liabilities (payable on 28 February 2022) and £7.0m is classified as non-current liabilities (payable on 28 February 2023). There are no conditions attached to the payment of the deferred consideration and the transaction was structured such that no interest accrues on these payments. However, under the sale and purchase agreement the Group has the right to offset agreed claims arising from a breach of warranties and indemnities and can also offset any shortfalls on the contracted advertising from the Health Lottery. The deferred consideration has not been discounted as we do not believe that the impact of such discounting is material.

24 Trade and other payables

	2021 £m	2020 £m
Trade and other payables		
Trade payables	(21.7)	(12.1)
Social security and other taxes	(7.3)	(6.8)
Accruals	(50.9)	(41.1)
Deferred income	(13.7)	(4.5)
Other payables	(27.5)	(27.6)
	(121.1)	(92.1)

The trade and other payables have been analysed between current and non-current as follows:

	2021 £m	2020 £m
Current	(114.7)	(92.1)
Non-current	(6.4)	-
	(121.1)	(92.1)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 42 days (2020: 37 days). For most suppliers no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying amount of trade payables approximates to their fair value.

Deferred income has increased to £13.7m (2020: £4.5m) as a result of payments received in the year being in advance of performance obligations.

25 Lease liabilities

Lease liabilities represent rental obligations for office properties and motor vehicles.

	Properties £m	Vehicles £m	Total £m
At 27 December 2020	(39.5)	(2.1)	(41.6)
Additions	(1.1)	(0.4)	(1.5)
Interest costs	(1.2)	(0.1)	(1.3)
Payments	7.1	1.1	8.2
At 26 December 2021	(34.7)	(1.5)	(36.2)

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

	2021 £m	2020 £m
Current	(5.5)	(6.1)
Non-current	(30.7)	(35.5)
	(36.2)	(41.6)

The Group does not face significant liquidity risk in relation to its lease liabilities.

Notes to the consolidated financial statements continued

26 Provisions

	Share-based payments £m	Property £m	Restructuring £m	Historical legal issues £m	Other £m	Total £m
At 27 December 2020	(1.6)	(5.1)	(19.8)	(23.0)	(7.2)	(56.7)
Charged to income statement	(2.8)	(11.1)	(5.6)	(29.0)	(2.1)	(50.6)
Released to income statement	–	0.4	–	–	2.4	2.8
Utilisation of provision	0.4	3.5	15.1	11.0	2.1	32.1
At 26 December 2021	(4.0)	(12.3)	(10.3)	(41.0)	(4.8)	(72.4)

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

	2021 £m	2020 £m
Current	(28.8)	(31.5)
Non-current	(43.6)	(25.2)
	(72.4)	(56.7)

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

The property provision relates to property-related onerous contracts and onerous committed costs related to vacant properties. The charge includes £10.9m of onerous property costs relating to the Home and Hub project (note 8), which has meant that a number of offices or floors have been closed. The provision will be utilised over the remaining term of the leases or expected period of vacancy.

The restructuring provision relates to restructuring charges incurred in the delivery of cost reduction measures. The charge includes £1.4m of costs relating to the integration of the Irish Daily Star which was acquired in 2020 and a further £1.4m of restructuring relating to the closure of two print sites at the end of 2020 (note 8). The balance at the period end comprises severance costs of £1.4m and closure costs relating to print plants of £8.9m. The severance costs provision is expected to be utilised within the next year. The closure costs provision includes £1.8m expected to be utilised within the next year and £7.1m expected to be utilised over the remaining term of a long-term print plant lease related to the print restructure in 2020.

The historical legal issues provision relates to the cost associated with dealing with and resolving civil claims in relation to historical phone hacking and unlawful information

gathering. There are three parts to the provision: known claims, potential future claims and common court costs. The key uncertainties in relation to this matter relate to how many claims will be received, how each claim progresses, the amount of any settlement and the associated legal costs. Our assumptions have been based on historical trends, our experience and the expected evolution of claims and costs. The known and common costs part of the provision is calculated using the most likely outcome method. Due to an increase in the rate of new claims in 2021, the potential claims provision was changed to the expected value method, in order to more accurately forecast the number of potential claims included in the provision, albeit recognising the uncertainties.

During 2021, the number of new claims, the progression of claims, the settlement amount and the associated legal costs have been ahead of historical trends and experience. This has resulted in a change to the provision estimate and a further charge of £29.0m in the year. At the period end, a provision of £41.0m remains outstanding and this represents the current best estimate of the amount required to resolve this historical matter. The majority of the provision is expected to be utilised within the next three years.

Our view on the range of outcomes at the reporting date for the provision, applying more and less favourable outcomes to all aspects of the provision is £32m to £53m. However, it is unknown how long it will take to fully resolve this matter and despite making a best estimate of the provision, the timing of utilisation and possible range, the total universe of claims is unknown and there are both ongoing legal matters and the potential for new legal matters which could mean that the final outcome is outside of the range of outcomes. Due to these unquantifiable uncertainties, a contingent liability note has been highlighted in note 34.

The other provision balance of £4.8m at the period end relates to libel and other matters and is expected to be utilised over the next two years.

27 Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon:

	Accelerated tax depreciation £m	Other short-term timing £m	Tax losses £m	Intangibles £m	Retirement benefit obligations £m	Share-based payments £m	Total £m
At 30 December 2019	(21.6)	–	2.3	(137.7)	53.0	0.6	(103.4)
Acquisition of subsidiary undertakings	–	–	–	(1.7)	–	–	(1.7)
Credit/(charge) to consolidated income statement	4.8	0.3	(2.3)	(16.2)	(11.7)	0.7	(24.4)
Credit to other comprehensive income statement	–	–	–	–	17.6	–	17.6
At 27 December 2020	(16.8)	0.3	–	(155.6)	58.9	1.3	(111.9)
(Charge)/credit to consolidated income statement	(6.0)	(1.6)	–	(49.1)	(10.1)	0.3	(66.5)
Charge to other comprehensive income statement	–	–	–	–	(12.1)	–	(12.1)
Credit to statement of changes in equity	–	–	–	–	–	2.4	2.4
At 26 December 2021	(22.8)	(1.3)	–	(204.7)	36.7	4.0	(188.1)

All deferred tax relates to the UK and therefore the Group has a legally enforceable right to offset the deferred tax assets and deferred tax liabilities. The Group has unrecognised capital losses of £37.5m (2020: £37.5m) at the reporting date.

The Budget on 5 March 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. At 26 December 2021, this rate change had been substantively enacted by parliament meaning that the opening deferred tax position has been recalculated in the period, resulting in a net increase in deferred tax liability of £40.0m.

28 Share capital and reserves

	Share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Accumulated loss and other reserves £m	Total £m
At 30 December 2019	30.9	606.7	17.4	4.4	(24.2)	635.2
Total comprehensive loss for the period	–	–	–	–	(71.2)	(71.2)
Bonus issue of shares	1.3	(1.3)	–	–	–	–
Credit to equity for equity-settled share-based payments	–	–	–	–	2.7	2.7
At 27 December 2020	32.2	605.4	17.4	4.4	(92.7)	566.7
Total comprehensive income for the period	–	–	–	–	93.1	93.1
Purchase of own shares	–	–	–	–	(3.3)	(3.3)
Credit to equity for equity-settled share-based payments	–	–	–	–	1.7	1.7
Deferred tax credit for equity-settled share-based payments	–	–	–	–	2.4	2.4
Dividends paid	–	–	–	–	(21.8)	(21.8)
At 26 December 2021	32.2	605.4	17.4	4.4	(20.6)	638.8

Notes to the consolidated financial statements continued

28 Share capital and reserves continued

The share capital comprises 322,085,269 allotted, called up and fully paid ordinary shares of 10p each. On 23 October 2020, 12,798,952 ordinary shares were issued in respect of the bonus issue of shares with the issue being made out of the share premium account in accordance with the Companies Act 2006.

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

The Company holds 8,128,176 shares as Treasury shares (2020: 10,017,620 shares). On 13 May 2021, 675,381 shares were withdrawn from Treasury and transferred to the Reach Employee Benefit Trust to satisfy the vesting of awards granted in 2018 under the Reach Long Term Incentive Plan. On 14 December 2021, 1,214,063 shares were withdrawn from Treasury to satisfy the vesting of the share award to colleagues granted in December 2020 under the Reach All-Employee Share Plan.

Cumulative goodwill written off to accumulated loss and other reserves in respect of continuing businesses acquired prior to 1998 is £25.9m (2020: £25.9m). On transition to IFRS, the revalued amounts of freehold properties were deemed to be the cost of the asset and the revaluation reserve has been transferred to accumulated loss and other reserves.

Shares purchased by the Reach Employee Benefit Trust are included in accumulated loss and other reserves at £5.2m (2020: £2.7m). During the year the Trust purchased 883,315 (2020: 366) for a cash consideration of £3.3m (2020: nil). The Trust received a payment of £3.3m (2020: nil) from the Company to purchase these shares. During the year, 1,241,171 were released relating to grants made in prior years (2020: 778,658).

29 Called up share capital

	2021 Number	2021 £m	2020 Number	2020 £m
Authorised				
Ordinary shares of 10 pence each	450,000,000	45.0	450,000,000	45.0

	2021 Number	2021 £m	2020 Number	2020 £m
Allotted, called up and fully paid ordinary shares of 10 pence each				
Opening balance	322,085,269	32.2	309,286,317	30.9
Bonus issue of shares	–	–	12,798,952	1.3
Closing balance	322,085,269	32.2	322,085,269	32.2

On 23 October 2020, 12,798,952 ordinary shares were issued in respect of the bonus issue. The total share capital increased to 322,085,269 allotted, called up and fully paid ordinary shares of 10 pence each.

The Company has one class of share capital, being ordinary shares with a nominal value of 10 pence each. The Company's ordinary shares give the shareholders equal rights to vote, receive dividends and to the repayment of capital. There are no restrictions on these shares in relation to the distribution of dividends and the repayment of capital.

The lowest closing price of the shares during the year was 139.6 pence on 4 January 2021 (2020: 51.2 pence on 25 August 2020) and the highest closing price was 420.0 pence on 26 August 2021 (2020: 180.4 pence on 25 February 2020). The closing share price as at the reporting date was 263.0 pence (2020: 140.0 pence).

Reach plc Employees Benefit Trust

The Reach plc Employees Benefit Trust ('the Trust') is established in Jersey and is administered by the Trustee Estera Trust (Jersey) Limited. The Trust holds shares of the Company for subsequent transfer to employees under the terms of the Group's share plans.

At the reporting date, the Trust held 2,490,472 shares (2020: 2,172,983 shares) with a carrying value of £5,167,981 (2020: £2,657,800) and a market value of £6,549,941 (2020: £3,042,176). In addition, the Trust holds cash to purchase future shares of £6,314 (2020: £6,355). The costs associated with the Trust are included in the consolidated income statement as they accrue. Shares held by the Trust have been excluded from the weighted average number of shares used in the calculation of earnings per share.

TIH Employee Benefit Trust

An Employee Benefit Trust administered by the Trustee Zedra Trust Company (Guernsey) Limited holds shares of the Company for subsequent transfer to employees under a Restricted Share Plan. At the reporting date, 94,740 shares (2020: 94,740 shares) were held with a carrying value of £445,523 (2020: £445,523) and a market value of £249,166 (2020: £132,636), none of which (2020: none) had options granted over them under the Restricted Share Plan. Dividends on the shares are payable at an amount of 0.01 pence (2020: 0.01 pence) per share in the event that the Group declares any dividends. Shares held have been excluded from the weighted average number of shares used in the calculation of earnings per share.

30 Share premium account

	2021 £m	2020 £m
Opening balance	605.4	606.7
Bonus issue of shares	–	(1.3)
Closing balance	605.4	605.4

On 23 October 2020, 12,798,952 ordinary shares were issued in respect of a bonus issue. The share premium account capital reduced by £1.3m.

31 Share-based payments

The charge related to share-based payments during the period was £1.7m (2020: £2.7m).

Long Term Incentive Plan

Under these schemes, the Remuneration Committee can recommend the grant of awards of shares to an eligible employee. Full details of how the schemes operate are explained in the Remuneration Report on pages 98 to 112. The vesting period is three years and is subject to continued employment of the participant. The Performance Shares granted in 2020 and 2021 vest if targets measuring the Company's share price and net cash flow are met.

	2021 Performance Shares	2020 Performance Shares
Awards outstanding at start of period	9,770,309	8,198,250
Granted during the period	1,618,363	3,577,245
Bonus issue of shares	–	424,834
Lapsed during the period	(1,250,414)	(1,787,818)
Exercised during the period	(1,241,171)	(642,202)
Awards outstanding at end of period	8,897,087	9,770,309

During the year, awards relating to 608,136 shares were granted to executive directors on a discretionary basis under the Long Term Incentive Plan (2020: 1,218,530). The exercise price of each award is £1 for each block of awards granted. The awards vest after three years, subject to the continued employment of the participant and satisfaction of certain performance conditions and are required to be held for a further two years.

The fair values for the Performance Shares and Save As You Earn Plan were calculated using a stochastic (Monte-Carlo binomial) model at the date of grant. The inputs to the model for awards from 2017 were as follows:

	Save As You Earn Plan 2021 14 July 2021	Performance Shares 2021 11 May 2021	Performance Shares 2020 3 April 2020	Performance Shares 2020 27 March 2020	Performance Shares 2019 4 December 2019	Performance Shares 2019 11 March 2019	Performance Shares 2018	Performance Shares 2017
Expected volatility (%)	50.8	54.0	43.8	43.4	39.0	41.5	39.0	42.0
Expected life (years)	3.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Risk-free (%)	0.2	0.1	0.1	0.1	0.6	0.7	0.9	0.1

Expected volatility has been determined by calculating the historical volatility of the Company's share price over the three-year period prior to the grant date. The exercise price used in the model is nil as the exercise price of the granted awards is £1 for each block of awards granted.

Restricted Share Plan

In the prior year 50,618 restricted shares were awarded to directors. The award was based on the average share price over the three days prior to the date of the award of 96.9 pence. The award vests after three years.

During the year, awards relating to 1,010,227 shares were granted to senior managers on a discretionary basis under the Senior Management Incentive Plan (2020: 2,358,715). The exercise price of each award is £1 for each block of awards granted. The awards vest after three years, subject to the continued employment of the participant and satisfaction of certain performance conditions.

The average exercise period of awards outstanding at the reporting date is 12 months (2020: 18 months). The share price at the date of grant for the Performance Shares was 231.5 pence for 23,859 shares, 228.0 pence for 1,543,567 shares and 337.0 pence for 50,937 shares (2020: 104.8 pence for 1,218,530 shares, 90.0 pence for 2,223,246 shares, 127.0 pence for 115,523 shares and 140.0 pence for 19,946 shares). The weighted average share price at the date of lapse for awards lapsed during the period was 224.1 pence (2020: 100.8 pence). The weighted average share price at the date of exercise for awards exercised during the period was 256.3 pence (2020: 95.3 pence).

The estimated fair values at the date of grant of the shares awarded are as follows:

	Awarded in 2021 £	Awarded in 2020 £	Awarded in 2019 £	Awarded in 2018 £	Awarded in 2017 £
Performance Shares	2,881,556	2,420,546	1,695,375	1,335,640	1,340,069

Save As You Earn Plan

During the year, awards relating to 1,500,736 shares were granted to employees on a discretionary basis under the Save As You Earn Plan (2020: nil). The exercise price of each award is 246.0 pence. The awards vest after three years, subject to the continued employment of the participant. The estimated fair value of the options was £1,753,760.

Notes to the consolidated financial statements continued

32 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through an optimal balance of bank debt and equity. The capital structure of the Group consists of:

- bank debt and facilities (note 23);
- cash and cash equivalents (note 23); and
- equity attributable to equity holders of the parent comprising share capital and reserves (note 28).

The Group's Dividend Policy is set out on page 114 of the Directors' Report.

The Group monitors its capital allocation and there are no changes from the previous year.

The Board reviews the capital structure, including the level of gearing and interest cover, as required. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

On 19 November 2021, the Group entered into a new revolving credit facility of £120.0m which expires on 18 November 2025 and is an increase from the previous facility of £65.0m. The Group had no drawings at the reporting date and the facility is subject to two covenants: interest cover and net debt to EBITDA, both of which were met at the reporting date. The revolving credit facility is held by the parent company.

The net debt to EBITDA and interest cover at the reporting date were as follows:

	2021 £m	2020 £m
Net debt	–	–
Adjusted EBITDA (note 36)	165.4	161.2
Net debt to EBITDA	n/a	n/a
Adjusted operating profit	146.1	133.8
Interest and charges on bank borrowings	(1.4)	(1.1)
Interest cover	104.4	121.6

Net debt is defined as long-term and short-term borrowings (excluding leases under IFRS 16) less cash and cash equivalents. Net debt is nil at the reporting date as the Group is in a net cash position. EBITDA and operating profit are before operating adjusted items. Total interest expense is interest on bank borrowings (excluding interest on leases under IFRS 16).

Externally imposed capital requirement

The Group is subject to externally imposed capital requirements which are financial covenants under the revolving credit facility, all of which were met at the reporting date. The financial covenants are tested on a half-yearly basis.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

Categories of financial instruments

The Group recognises the following financial instruments on its balance sheet which are held at amortised cost.

	notes	2021 £m	2020 £m
Financial assets			
Net trade receivables	22	63.2	71.0
Accrued income	22	19.9	18.0
Other receivables	22	5.2	4.9
Cash and cash equivalents	23	65.7	42.0
		154.0	135.9
Financial liabilities			
Trade payables	24	(21.7)	(12.1)
Accruals	24	(50.9)	(41.1)
Other payables	24	(27.5)	(27.6)
Deferred consideration	23	(24.1)	(40.1)
Lease liabilities	25	(36.2)	(41.6)
		(160.4)	(162.5)

Financial risk management objectives

The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group through regular meetings with the Chief Financial Officer and by analysing exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments where appropriate to hedge these exposures. The use of financial derivatives is governed by policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group did not enter into any derivative financial instruments in 2021 (2020: none).

32 Financial instruments continued

Financial risk management objectives continued

The Group's Treasury function provides regular updates to the Board covering compliance with covenants and other Treasury-related matters.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts where appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021 £m	2020 £m	2021 £m	2020 £m
Euro	–	–	4.4	2.5
US\$	–	–	0.7	1.5

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and US\$.

The Euro exposure arises on sales of newspapers in Europe and from costs relating to our office in Dublin. The Euro and US\$ sales represent less than 1% (2020: less than 1%) of Group revenue. Euro and US\$ balances are kept on deposit and used to fund Euro and US\$ costs. When Euros or US\$ on deposit build to a target balance they are converted into Sterling. The Group does not hedge the Euro and US\$ income or deposits because the risk of foreign exchange movements is not deemed to be significant.

The Group's sensitivity to a 10% increase and decrease in the Sterling rate against the Euro and US\$ impacts profit by £0.5m (2020: £0.4m) and equity by nil (2020: nil). A 10% movement in exchange rates based on the level of foreign currency denominated monetary assets and liabilities represents the assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts only to cover specific foreign currency payments such as significant capital expenditure. During the current and prior period no contracts were entered into.

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by considering the appropriate mix between fixed and floating rate borrowings and if appropriate, by the use of interest rate swaps contracts and forward interest rate contracts. During the current and prior period no contracts were entered into.

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through interest rate cycles.

The Group's exposures to interest rates on the financial assets and liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared using the Group's monthly cash forecasting model. A 1% increase in interest rates has been used and represents the assessment of a reasonably possible change.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the period would decrease/increase by £0.3m (2020: £0.3m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Other price risks

The Group has no significant listed equity investments and is not directly exposed to equity price risk. The Group has indirect exposure through its defined benefit pension schemes.

Credit risk management

Credit risk refers to the risk that a counterparty with the Group will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, with the exception of exceptional circumstances, such as the financial crisis in the past, and the Group only transacts with financial institutions that are rated the equivalent to investment grade and above. This information is supplied by independent rating agencies where available and, if not, the Group uses other publicly available financial information and its own trading records to rate its major customers. As a result the credit risk is deemed to be low. The Group's exposure and credit ratings of its counterparties are reviewed by the Chief Financial Officer and where material the Board at appropriate times and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers spread across diverse sectors. Ongoing credit evaluation is performed on the financial condition of trade receivables. Other than two customers representing more than 10% of net trade debtors, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group defines counterparties as having similar characteristics if they are connected entities. Concentration of credit risk with a single counterparty is limited by reference to the long-term credit ratings assigned for that counterparty by Standard and Poor's. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's cash and cash equivalents of £65.7m (2020: £42.0m) is held with counterparties with a minimum Standard and Poor's credit rating of A. The Group monitors the exposure and credit rating of its counterparties on a regular basis.

Notes to the consolidated financial statements continued

32 Financial instruments continued

Credit risk management continued

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities, which include deferred consideration payments as set out in note 23.

Liquidity risk

At the reporting date the Group has a nil (2020: nil) Sterling variable interest rate bank drawing and has access to financial facilities of which the total unused amount is £120.0m (2020: £65.0m). The Group has a £120.0m non-amortising revolving credit facility which expires on 18 November 2025. During the year, the Group increased the available facility from £65.0m to £120.0m.

The Group expects to meet its obligations from cash held on deposit, operating cash flows and its committed financing facilities.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's financial liabilities:

2021 non-derivative financial liabilities	Less than one year £m	Between one and five years £m	Greater than five years £m	Total £m
Trade payables	(21.7)	-	-	(21.7)
Accruals	(50.9)	-	-	(50.9)
Other payables	(27.5)	-	-	(27.5)
Deferred consideration	(17.1)	(7.0)	-	(24.1)
Lease liabilities	(6.6)	(19.6)	(15.4)	(41.6)
Total cash flows	(123.8)	(26.6)	(15.4)	(165.8)

2020 non-derivative financial liabilities	Less than one year £m	Between one and five years £m	Greater than five years £m	Total £m
Trade payables	(12.1)	-	-	(12.1)
Accruals	(41.1)	-	-	(41.1)
Other payables	(27.6)	-	-	(27.6)
Deferred consideration	(16.0)	(24.1)	-	(40.1)
Lease liabilities	(7.3)	(21.0)	(19.9)	(48.2)
Total cash flows	(104.1)	(45.1)	(19.9)	(169.1)

33 Related party transactions

The parent and controlling party of the Group is Reach plc. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Transactions with the retirement benefit schemes and employee benefit trusts are disclosed in notes 20 and 29 respectively. Details of other related party transactions are disclosed below.

Trading transactions

Sales of goods and services to related parties would be made at the Group's usual list prices less average volume discounts. Purchases would be made at market prices discounted to reflect volume purchase and the relationship between the parties. Any outstanding amounts will be settled by cash payment.

PA Media Group Limited

The Group earned revenue of nil (2020: nil) and the Group incurred charges for services received of £4.0m (2020: £3.8m) which is recognised in cost of sales. The amount outstanding at the reporting date amounted to £0.1m (2020: £0.1m) owed to PA Media Group Limited.

Brand Events TM Limited

In 2021 the Group earned no revenue and the Group incurred no charges for services received. The Group has agreed to provide a revolving credit facility of £2.0m, of which £1.0m was outstanding at the reporting date. The Group has fully provided for this.

Independent Star Limited

On 24 November 2020 the Group acquired the 50% of the issued share capital not previously owned. Independent Star Limited became a wholly owned subsidiary from that date. In 2020 up to the date of acquisition, the Group earned royalties of £0.3m and the Group incurred charges for services received of nil.

Compensation of key management personnel

Key management are the executive directors.

The remuneration of the executive directors is determined by the Remuneration Committee having regard to competitive market position and performance of individuals. Further information regarding the remuneration of the executive directors is provided in the Remuneration Report on pages 98 to 112.

34 Contingent liabilities

Historical Legal Issues

It is unknown how long it will take to fully resolve historical legal issues set out in note 26 and despite making a best estimate of the provision, the timing of utilisation and possible range, the total universe of claims is unknown and there are both ongoing legal matters and the potential for new legal matters which could mean that the final outcome is outside our view on the range of outcomes of £32m to £53m.

35 Reconciliation of statutory to adjusted results

52 weeks ended 26 December 2021	Statutory results £m	Operating adjusted items (a) £m	Pension finance charge (b) £m	Tax (c) £m	Adjusted results £m
Revenue	615.8	—	—	—	615.8
Operating profit	79.3	66.8	—	—	146.1
Profit before tax	73.3	66.8	3.4	—	143.5
Profit after tax	2.9	57.0	2.8	53.9	116.6
Basic earnings per share (p)	0.9	18.4	0.9	17.4	37.6

52 weeks ended 27 December 2020	Statutory results £m	Operating adjusted items (a) £m	Pension finance charge (b) £m	Tax (c) £m	Adjusted results £m
Revenue	600.2	—	—	—	600.2
Operating profit	7.6	126.2	—	—	133.8
Profit before tax	0.4	126.2	4.7	—	131.3
(Loss)/profit after tax	(26.7)	110.3	3.8	19.0	106.4
Basic (loss)/earnings per share (p)	(8.6)	35.7	1.2	6.1	34.4

- (a) Operating adjusted items relate to the items charged or credited to operating profit as set out in note 8.
- (b) Pension finance charge relates to the defined benefit pension schemes as set out in note 20.
- (c) Tax items relate to the impact of tax legislation changes due to the change in the future corporation tax rate on the opening deferred tax position as set out in note 11.

Set out in note 3 is the rationale for the alternative performance measures adopted by the Group. The reconciliations in this note highlight the impact on the respective components of the income statement.

Items are adjusted on the basis that they distort the underlying performance of the business where they relate to material items that can recur (including impairment,

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

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

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

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

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

Included in adjusted items in 2021 are costs relating to a Home and Hub project which set out the vision for how the Group's offices would look and where job roles would be based. As a consequence of the project a number of offices or floors have been closed. The project has resulted in charges of £23.7m (impairments of £2.3m relating to property, plant and equipment and £10.5m relating to right-of-use assets and a £10.9m property rationalisation charge relating to onerous costs of vacant properties). Restructuring charges include £1.4m of costs relating to the integration of the Irish Daily Star which was acquired in 2020 and a further £1.4m of restructuring relating to the closure of two print sites at the end of 2020. Other items relate to adviser costs in relation to the triennial funding valuations costs (£1.2m), National Insurance costs relating to share awards (£2.6m) and the write-off of an old debit balance (£2.9m) partially offset by profit on sales of print assets (£0.7m). These are included in adjusted items as they relate to historic liabilities or are one-off items not expected to recur.

Included in adjusted items in 2020 were costs relating to a transformation programme to reshape the Group into a streamlined, more efficient organisation across editorial, advertising and central operations and of print capacity requirements which concluded with the closure of two print plants. The Group also recorded a £15.5m charge reflecting a historic property development, which as a result of COVID-19 became onerous, resulting in the Group making a payment to the joint venture party to resolve the matter.

Notes to the consolidated financial statements continued

36 Adjusted cash flow

	2021 £m	2020 £m
Adjusted operating profit	146.1	133.8
Depreciation and amortisation	19.3	27.4
Adjusted EBITDA	165.4	161.2
Net interest and charges paid on bank borrowings	(1.3)	(1.1)
Income tax paid	(14.6)	(14.2)
Restructuring payments	(15.1)	(18.0)
Net capital expenditure	(11.8)	(1.6)
Interest paid on leases	(1.3)	(1.5)
Repayment of obligation under leases	(6.9)	(7.7)
Working capital and other	26.9	4.7
Adjusted operating cash flow	141.3	121.8
Historical legal issues payments	(11.0)	(10.6)
Historical contract issues payments	–	(15.5)
Dividends paid	(21.8)	–
Purchase of own shares	(3.3)	–
Pension funding payments	(64.7)	(53.9)
Adjusted net cash flow	40.5	41.8
Bank facility drawdown	–	25.0
Bank facility repayment	–	(25.0)
Acquisition-related cash flows	(16.8)	(20.2)
Net increase in cash and cash equivalents	23.7	21.6

37 Reconciliation of statutory to adjusted cash flow

52 weeks ended 26 December 2021	Statutory 2021 £m	(a) £m	(b) £m	Adjusted 2021 £m	
Cash flows from operating activities					
Cash generated from operations	163.7	(33.4)	11.0	141.3	Adjusted operating cash flow
Pension deficit funding payments	(64.7)	–	–	(64.7)	Pension funding payments
	–	–	(11.0)	(11.0)	Historical legal issues payments
Income tax paid	(14.6)	14.6	–	–	
Net cash inflow from operating activities	84.4				
Investing activities					
Interest received	0.1	(0.1)	–	–	
Dividends received from associated undertakings	2.5	(2.5)	–	–	
Proceeds on disposal of property, plant and equipment	0.7	(0.7)	–	–	Net capital expenditure
Purchases of property, plant and equipment	(6.5)	6.5	–	–	Net capital expenditure
Expenditure on internally generated development	(6.0)	6.0	–	–	Net capital expenditure
Deferred consideration payment	(16.0)	–	–	(16.0)	Acquisition-related cash flow
Acquisition of associate undertaking	(0.8)	–	–	(0.8)	Acquisition-related cash flow
Net cash used in investing activities	(26.0)				
Financing activities					
Dividends paid	(21.8)	–	–	(21.8)	Dividends paid
Interest and charges paid on bank borrowings	(1.4)	1.4	–	–	
Purchase of own shares	(3.3)	–	–	(3.3)	Purchase of own shares
Interest paid on leases	(1.3)	1.3	–	–	
Repayment of obligations under leases	(6.9)	6.9	–	–	
Net cash used in financing activities	(34.7)				
Net increase in cash and cash equivalents	23.7	–	–	23.7	

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

(b) Payments in respect of historical legal issues are shown separately in the adjusted cash flow.

Notes to the consolidated financial statements continued

37 Reconciliation of statutory to adjusted cash flow continued

52 weeks ended 27 December 2020	Statutory 2020 £m	(a) £m	(b) £m	Adjusted 2020 £m
Cash flows from operating activities				
Cash generated from operations	121.3	(25.6)	26.1	121.8 Adjusted operating cash flow
Pension deficit funding payments	(53.9)	–	–	(53.9) Pension funding payments
	–	–	(15.5)	(15.5) Historical contract issues payments
	–	–	(10.6)	(10.6) Historical legal issues payments
Income tax paid	(14.2)	14.2	–	–
Net cash inflow from operating activities	53.2			
Investing activities				
Interest received	0.1	(0.1)	–	–
Dividends received from associated undertakings	0.5	(0.5)	–	–
Proceeds on disposal of property, plant and equipment	0.3	(0.3)	–	– Net capital expenditure
Purchases of property, plant and equipment	(1.9)	1.9	–	– Net capital expenditure
Deferred consideration payment	(18.9)	–	–	(18.9) Acquisition-related cash flow
Acquisition of associate undertaking	(0.2)	–	–	(0.2) Acquisition-related cash flow
Acquisition of subsidiary undertakings	(3.4)	–	–	(3.4) Acquisition-related cash flow
Cash acquired on acquisition of subsidiary undertakings	2.3	–	–	2.3 Acquisition-related cash flow
Net cash used in investing activities	(21.2)			
Financing activities				
Interest and charges paid on bank borrowings	(1.2)	1.2	–	–
Drawdown of borrowings	25.0	–	–	25.0 Bank facility drawdown
Repayment of borrowings	(25.0)	–	–	(25.0) Bank facility repayment
Interest paid on leases	(1.5)	1.5	–	–
Repayment of obligations under leases	(7.7)	7.7	–	–
Net cash used in financing activities	(10.4)			
Net increase in cash and cash equivalents	21.6	–	–	21.6

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

(b) Payments in respect of historical contract issues and historical legal issues are shown separately in the adjusted cash flow.

38 Reconciliation of statutory to like-for-like revenue

2021 v 2020	Statutory 2021 £m	(a) £m	Like-for-like 2021 £m	Statutory 2020 £m	(a) £m	(b) £m	Like-for-like 2020 £m
Print	465.1	(10.6)	454.5	479.3	(1.0)	(1.5)	476.8
Circulation	312.9	(8.7)	304.2	319.7	(0.8)	-	318.9
Advertising	103.3	(1.8)	101.5	108.4	(0.2)	(1.5)	106.7
Printing	20.4	-	20.4	25.2	-	-	25.2
Other	28.5	(0.1)	28.4	26.0	-	-	26.0
Digital	148.3	-	148.3	118.3	-	-	118.3
Other	2.4	-	2.4	2.6	-	-	2.6
Total revenue	615.8	(10.6)	605.2	600.2	(1.0)	(1.5)	597.7

(a) Exclusion of Irish Daily Star (purchased on 24 November 2020).

(b) Exclusion of Manchester Metro following ending of franchise agreement in June 2020 and other portfolio changes in 2020.

There was no adjustment made for the Manchester Metro and other portfolio changes from statutory to like-for-like revenue for the 52 weeks ending 27 December 2020.

2021 v 2019	Statutory 2021 £m	(a) £m	Like-for-like 2021 £m	Statutory 2019 £m	(b) £m	Like-for-like 2019 £m
Print	465.1	(10.6)	454.5	591.3	(7.0)	584.3
Circulation	312.9	(8.7)	304.2	361.7	-	361.7
Advertising	103.3	(1.8)	101.5	152.5	(6.9)	145.6
Printing	20.4	-	20.4	38.5	-	38.5
Other	28.5	(0.1)	28.4	38.6	(0.1)	38.5
Digital	148.3	-	148.3	107.0	-	107.0
Other	2.4	-	2.4	4.2	-	4.2
Total revenue	615.8	(10.6)	605.2	702.5	(7.0)	695.5

(a) Exclusion of Irish Daily Star (purchased on 24 November 2020).

(b) Exclusion of Manchester Metro following ending of franchise agreement in June 2020 and other portfolio changes in 2019 and 2020.

39 Subsidiary undertakings

A list of the subsidiary undertakings, all of which have been consolidated, is on pages 170 to 178.

40 Subsidiaries exempt from audit

No UK subsidiaries have taken advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ending 26 December 2021.

No dormant subsidiaries have taken the exemption from preparing individual financial statements by virtue of Section 394A of the Companies Act 2006.

No dormant subsidiaries have taken the exemption from filing with the registrar individual financial statements by virtue of Section 448A of the Companies Act 2006.

Parent company balance sheet

at 26 December 2021 (at 27 December 2020) Company registration number 82548

	notes	2021 £m	Restated 2020 £m
Non-current assets			
Investments	4	773.3	773.3
Right-of-use assets	5	6.4	14.2
Deferred tax assets	6	0.8	0.3
		780.5	787.8
Current assets			
Debtors – amounts falling due within one year	7	78.3	98.0
Cash at bank and in hand		29.0	24.7
		107.3	122.7
Creditors: amounts falling due within one year			
Lease liabilities	8	(1.5)	(1.4)
Other creditors	9	(21.6)	(17.8)
		(23.1)	(19.2)
Net current assets		84.2	103.5
Total assets less current liabilities		864.7	891.3
Creditors: amounts falling due after more than one year			
Lease liabilities	8	(13.0)	(15.1)
Other creditors	9	(7.0)	(24.1)
		(20.0)	(39.2)
Net assets		844.7	852.1

	notes	2021 £m	2020 £m
Equity capital and reserves			
Called up share capital	10	32.2	32.2
Share premium account	11	605.4	605.4
Merger reserve	12	25.3	25.3
Capital redemption reserve	12	4.4	4.4
Retained earnings	12	177.4	184.8
Equity shareholders' funds		844.7	852.1

The Company reported a profit for the period of £16.0m (2020: 13.5m). As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the period.

The 2020 parent company balance sheet has been restated to show deferred tax assets separately on the face of the balance sheet (note 2).

These parent company financial statements on pages 164 to 169 were approved by the Board of directors and authorised for issue on 1 March 2022.

They were signed on its behalf by:

Jim Mullen
Chief Executive Officer

Simon Fuller
Chief Financial Officer

Parent company statement of changes in equity

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

	Called up share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m
At 30 December 2019	30.9	606.7	25.3	4.4	168.6	835.9
Profit for the period	–	–	–	–	13.5	13.5
Bonus issue of shares	1.3	(1.3)	–	–	–	–
Credit to equity for equity-settled share-based payments	–	–	–	–	2.7	2.7
At 27 December 2020	32.2	605.4	25.3	4.4	184.8	852.1
Profit for the period	–	–	–	–	16.0	16.0
Purchase of shares	–	–	–	–	(3.3)	(3.3)
Credit to equity for equity-settled share-based payments	–	–	–	–	1.7	1.7
Dividends paid	–	–	–	–	(21.8)	(21.8)
At 26 December 2021	32.2	605.4	25.3	4.4	177.4	844.7

Notes to the parent company financial statements

for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

1 Basis of preparation

The financial statements of Reach plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain key accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

These parent company financial statements have been prepared on a going concern basis as set out in note 3 in the notes to the consolidated financial statements.

The presentational and functional currency of the Company is Sterling.

For administrative convenience, the parent company financial statements are made up to a suitable date near the end of the calendar year. These parent company financial statements have been prepared for the 52 weeks ended 26 December 2021 and the comparative period has been prepared for the 52 weeks ended 27 December 2020.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, related party transactions, and share-based

payments. Where required, equivalent disclosures are given in the consolidated financial statements.

Reach plc is the parent company of Reach (the Group) and its principal activity is to act as the ultimate holding company of the Group.

Profit for the financial period

The Company reported a profit for the period of £16.0m (2020: £13.5m). The audit fees relating to the Company are disclosed in note 6 in the notes to the consolidated financial statements and are borne by another Group company. Fees payable to PricewaterhouseCoopers LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Impact of amendments to accounting standards

The accounting policies used in the preparation of the parent company financial statements have been consistently applied to all the periods presented.

No standards and interpretations effective for the 52 weeks ended 26 December 2021 have had a material impact on the Company.

No standards and interpretations have been early adopted.

Notes to the parent company financial statements continued

1 Basis of preparation continued

Impact of amendments to accounting standards continued

The Company has applied the exemption available under FRS 101 in relation to paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued and is not yet effective).

2 Significant accounting policies

The principal accounting policies adopted in preparation of these parent company financial statements are set out below:

Fixed asset investments

Fixed asset investments are stated at cost, less provision for any impairment. An impairment review is undertaken at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use the estimated future cash flows of the cash-generating units relating to the investment are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. Use of a post-tax discount rate to discount the future post-tax cash flows is materially equivalent to using a pre-tax discount rate to discount the future pre-tax cash flows. The impairment conclusion remains the same on a pre or post-tax basis. If the recoverable amount of the cash-generating unit relating to the investment is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it occurs and may be reversed in subsequent periods.

Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. At each reporting date, items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on settlement and on retranslation are included in the income statement for the period.

Tax

The tax expense represents the sum of the corporation tax currently payable and deferred tax.

The corporation tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is

realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited in the statement of comprehensive income or items charged or credited directly to equity, in which case the deferred tax is also dealt with in the statement of comprehensive income and equity respectively.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Parent company balance sheet restatement of deferred tax in 2020

The Company has restated the balance sheet at 27 December 2020 to reclassify £0.3m from debtors – amounts falling due within one year in current assets to deferred tax assets in non-current assets. The deferred tax asset at 29 December 2019 is £0.1m.

This restatement has not impacted the financial performance or position of the Company at 29 December 2019 and 27 December 2020.

Financial instruments

Financial assets and financial liabilities are recognised in the parent company balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are measured at amortised cost. The principal financial asset is intercompany receivables which are unsecured and repayable on demand. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term bank deposits.

Share-based payments

The Company issues equity-settled benefits to certain employees. These equity-settled share-based payments are measured at fair value at the date of grant taking advice from third-party experts. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and be adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of a stochastic (Monte-Carlo binomial) model. The expected life used in the model has been adjusted, based on the directors' best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2 Significant accounting policies continued

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where the Company's own shares are purchased, the consideration paid including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are cancelled, the nominal value of shares cancelled is shown in the capital redemption reserve. Where such shares are subsequently reissued or disposed of, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Leases

Leases are recognised on the balance sheet as a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the Company, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's weighted average incremental borrowing rate and subsequently held at amortised cost in accordance with IFRS 9. Finance costs are charged to the income statement over the lease term, at a constant periodic rate of interest. Right-of-use assets are depreciated over the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The Company does not act as a lessor.

Key sources of estimation uncertainty

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

Impairment of investments (note 4)

There is uncertainty in the value-in-use calculation. The most significant area of uncertainty relates to expected future cash flows of the cash-generating unit relating to the investment. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value. Projections are based on both internal and external market information and reflect past experience. The discount rate reflects the cost of equity.

3 Staff costs

The average monthly number of persons, including directors, employed by and charged to the Company in the period was:

	2021 Number	2020 Number
Administration	8	8

The costs of a number of employees (not directors) who have contracts of employment with the Company are charged to other Group companies and their staff costs are disclosed in those companies' statutory financial statements.

All employees are employed in the UK.

	2021 £m	2020 £m
Staff costs, including directors' emoluments, incurred during the period were:		
Wages and salaries	1.4	1.2
Social security costs	0.4	1.1
Share-based payments charge	1.7	2.7
Pension costs relating to defined contribution pension schemes	0.1	0.1
	3.6	5.1

National Insurance costs relating to share awards of £2.6m (note 8 in the notes to the consolidated financial statements) are excluded from staff costs.

Disclosure of individual directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Conduct Authority are shown in the tables in the Remuneration Report on pages 98 to 112 and form part of these parent company financial statements. Further details of share-based payments are contained in note 31 in the notes to the consolidated financial statements.

Notes to the parent company financial statements continued

4 Investments

	Shares in subsidiary undertakings £m
Cost at beginning and end of period	1,526.5
Provision for impairment at beginning and end of period	(753.2)
Net book value at beginning and end of period	773.3

At the period end reporting date an impairment review was undertaken which indicated that no impairment in the investments held by the Company was required (2020: nil). The impairment review was performed using the same projections used in the impairment review performed in relation to the Group's goodwill and other intangible assets which is disclosed in note 16 in the notes to the consolidated financial statements. In respect of investments the current post-tax and equivalent pre-tax discount rate used is 11.2% (2020: 11.7%) and 15.0% (2020: 14.4%) respectively and the long-term growth rate beyond the 10-year period is 0%.

The impairment review in respect of the investments held by the Company is highly sensitive to reasonably possible changes in key assumptions used in the value-in-use calculations and there is increased uncertainty due to COVID-19. The headroom in the impairment review is £148m. EBITDA in the 10-year projections is forecast to grow at a CAGR of 1.3%. A combination of reasonably possible changes in key assumptions such as print revenue declining at a faster rate than projected, digital revenue growth being significantly lower than projected or the associated change in the cost base being different than projected, could lead to an impairment in the investments held by the Company if these resulted in the EBITDA in the 10-year projections declining at a CAGR of 1.0%. Alternatively an increase in the discount rate by 1.8 percentage points would lead to the removal of the headroom.

Details of the Company's subsidiary undertakings at 26 December 2021 are set out on pages 170 to 178.

5 Right-of-use assets

	Properties £m
Cost	
On transition to IFRS 16	16.1
At 27 December 2020	16.1
At 26 December 2021	16.1
Accumulated depreciation and impairment	
At 30 December 2019	-
At 27 December 2020	(1.9)
Charge for the period	(1.2)
Impairment	(6.6)
At 26 December 2021	(9.7)
Carrying amount	
At 27 December 2020	14.2
At 26 December 2021	6.4

6 Deferred tax assets

	Other short-term timing £m
At 30 December 2019	0.1
Credit to income statement	0.2
At 27 December 2020	0.3
Credit to income statement	0.5
At 26 December 2021	0.8

The Budget on 5 March 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. At 26 December 2021, this rate change had been substantively enacted by parliament meaning that the opening deferred tax position has been recalculated in the period resulting in a £0.1m credit in the income statement.

7 Debtors

	2021 £m	Restated 2020 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	77.3	82.9
Other debtors	1.0	15.1
	78.3	98.0

The amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand.

8 Lease liabilities

	Total £m
At 27 December 2020	(16.5)
Interest costs	(0.5)
Payments	2.5
At 26 December 2021	(14.5)

Of the lease liability, £1.5m (2020: £1.4m) is included in creditors: amounts falling due within one year and £13.0m (2020: £15.1m) is included in creditors: amounts falling due after more than one year.

Total undiscounted future payments amounting to £16.1m are payable £2.0m for 2022 and £2.6m per year for 2023 to 2026 with a total of £3.7m payable after five years.

9 Other creditors

	2021 £m	2020 £m
Amounts falling due within one year:		
Share-based payments	(4.0)	(1.6)
Accruals	(0.5)	(0.2)
Deferred consideration	(17.1)	(16.0)
	(21.6)	(17.8)
Amounts falling due after more than one year:		
Deferred consideration	(7.0)	(24.1)
	(7.0)	(24.1)

The share-based payments provision relates to National Insurance obligations attached to the future crystallisation of awards.

Details of the deferred consideration are set out in note 23 in the notes to the consolidated financial statements.

10 Called up share capital

The details of the Company's called up share capital and dividends are disclosed in notes 28 and 29 respectively in the notes to the consolidated financial statements.

11 Share premium account

The details of the Company's share premium account are disclosed in note 30 in the notes to the consolidated financial statements.

12 Other reserves

	Merger reserve £m	Capital redemption reserve £m	Retained earnings £m
Opening balance	25.3	4.4	184.8
Profit for the period	–	–	16.0
Purchase of shares	–	–	(3.3)
Share-based payments credit	–	–	1.7
Dividends paid	–	–	(21.8)
Closing balance	25.3	4.4	177.4

The merger reserve comprises the premium on the shares allotted in relation to acquisitions. The capital redemption reserve represents the nominal value of the shares purchased and subsequently cancelled as part of share buy-back programmes. The retained earnings reserves are all distributable.

The reserves, which are distributable to the Company's equity shareholders, are determined with reference to the Companies Act 2006. Further guidance is given in the Institute of Chartered Accountants in England and Wales technical release 02/17BL in relation to what profits can be treated as distributable. At 26 December 2021, all the Company's retained earnings are distributable, however, the available amount may be different at the point any future distributions are made.

13 Related party transactions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to related party transactions. Transactions with the retirement benefit schemes and employee benefit trusts are disclosed in notes 20 and 29 respectively in the notes to the consolidated financial statements. Details of other related party transactions are disclosed below.

Trading transactions

The Company did not trade with the Group's associated undertakings.

Compensation of key management personnel

Key management are the executive directors. The remuneration of the executive directors is determined by the Remuneration Committee having regard to competitive market position and performance of individuals. Further information regarding the remuneration of the executive directors is provided in the Remuneration Report on pages 98 to 112.

Subsidiary and associated undertakings

As at 26 December 2021

The following subsidiary undertakings are 100% owned other than where specified (all share classes), and are incorporated in England and Wales, with a registered office at One Canada Square, Canary Wharf, London, E14 5AP.

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
0800 Recruit Limited (3792220) ^(a)	£1.00 ordinary	-	100
08000 Recruit Limited (3829341)	£0.01 ordinary	-	100
Ad-Mag (North East) Limited (3083880)	£1.00 ordinary	-	100
Advertiser North London Group (Holdings) Limited (1693151)	£1.00 ordinary	-	100
Advertiser North London Limited (1036821)	£1.00 ordinary	-	100
AMRA Limited (2191577)	£1.00 ordinary	-	100
Arrow Interactive Limited (3521226)	£1.00 ordinary	-	100
Beaverbrook Newspapers Limited (00971744)	£1.00 ordinary	-	100
Birmingham Live Limited (3020729)	£1.00 ordinary	-	100
Birmingham Post & Mail (Exhibitions) Limited (517223)	£1.00 ordinary	-	100
Birmingham Post & Mail Trustees Limited (1221082) ^(a)	£1.00 ordinary	-	100
Blackfriars Leasing Ltd (01692745)	£1.00 ordinary	-	100
Blackmore Vale Publishing Company Limited (2151903)	£1.00 ordinary	100	-
BPM Media (Midlands) Limited (1034883)	£1.00 ordinary	-	100
Broughton Printers Limited (01091137)	£1.00 ordinary-A £1.00 ordinary-B	-	100 100
Burginhal 677 Limited (02789921)	£1.00 ordinary	-	100
Buy Sell Limited (2032657)	£1.00 ordinary	100	-
Camberry Limited (1661112)	£1.00 ordinary	-	100
CDE Services Limited (1619598) ^(a)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Century Communications Ltd. (3285631) ^(a)	£1.00 ordinary	-	100
Channel One Liverpool Limited (3219679)	£1.00 ordinary	-	100
Chargestake Limited (3518494)	£1.00 ordinary	-	100
Charles Elphick Limited (529125)	£1.00 ordinary	-	100
City Television Network Limited (3376809)	£1.00 ordinary	-	100
Community Magazines Limited (2026564)	£1.00 ordinary	-	100
Conrad & Partners Limited (2415617)	£1.00 ordinary	-	100
Coventry Newspapers Limited (1917810) ^(a)	£1.00 ordinary	-	100
Daily Express Limited (00529175)	£1.00 ordinary	-	100
Daily Post Investments Limited (1360376)	£1.00 ordinary	100	-
Daily Post Overseas Limited (1354793)	£1.00 ordinary	-	100
Daily Star Limited (00980542)	£1.00 ordinary	-	100
Denitz Investments Limited (3775012)	£1.00 ordinary £0.01 ordinary-A £0.01 ordinary-C £0.00001 ordinary-D £0.001 ordinary-E	-	100 100 100 100
Echo Press (1983) Limited (1679832)	£1.00 ordinary	-	100
Enterprise Magazines Limited (1502649)	£1.00 ordinary	-	100
Examiner News & Information Services Limited (624466)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Export Magazine Distributors Limited (02711709)	£1.00 ordinary	-	100
Express Newspapers (00141748)	£0.25 ordinary £0.01 Deferred	-	100 100
Express Newspapers Pension Trustees Limited (02222373)	£1.00 ordinary	-	100
Express Newspapers Properties Limited (00967305)	£1.00 ordinary	-	100
Express Printers Manchester Limited (02203666) ^(a)	£1.00 ordinary	-	100
Express Property Management Limited (02680673) ^(a)	£1.00 ordinary	-	100
Financial Jobs Online Limited (3846941)	£1.00 ordinary	-	100
Fish4 Limited (03105246)	£1.00 ordinary-A £1.00 ordinary-B	-	100 100
Fish4 Trading Limited (04280832)	£1.00 ordinary	-	100
Fish4Cars Limited (03955815)	£1.00 ordinary	-	100
Fish4Homes Limited (03943230)	£0.10 ordinary (paid) £0.10 ordinary (unpaid)	-	100 100
Fish4Jobs Limited (03961754)	£1.00 ordinary	-	100
Gazette Media Company Limited (216451)	£1.00 ordinary	-	100
Gimmejobs Limited (4053381)	£1.00 ordinary	-	100
Gisajob Limited (2734099)	£1.00 ordinary	-	100
High Street Direct Limited (3656084)	£1.00 ordinary	-	100
Hot Exchange Limited (3939705)	£1.00 ordinary	-	100
Hot Flats Limited (3965919) ^(a)	£1.00 ordinary	-	100
Hot Flights Limited (3965915) ^(a)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Hotrecruit Limited (4166527)	£1.00 ordinary-A	-	100
Huddersfield Examiner Limited (972525)	£1.00 ordinary	-	100
Huddersfield Newspapers Limited (2254191)	£1.00 ordinary	100	-
I.T. Trade Publishing Limited (3091844)	£1.00 ordinary	100	-
Informer Publications Limited (2563349)	£1.00 ordinary	-	100
Internet Recruitment Solutions Limited (3904184) ^(a)	£1.00 ordinary	-	100
Isle of Wight Newspapers Limited (2234798)	£1.00 ordinary	-	100
Job Search Limited (3164594)	£1.00 ordinary	-	100
Jobsfinancial Limited (3845499)	£1.00 ordinary	-	100
Jobsin Limited (3871542)	£1.00 ordinary	-	100
JobsinHRSolutions Limited (4011622) ^(a)	£1.00 ordinary	-	100
Jobsinlaw Limited (3904177) ^(a)	£1.00 ordinary	-	100
JobsinUK Limited (3904165) ^(a)	£1.00 ordinary	-	100
Joseph Woodhead & Sons Limited (84100)	£1.00 ordinary	-	100
Just London Jobs Limited (2348940)	£1.00 ordinary	-	100
Kennyhill Limited (2761493)	£1.00 ordinary	-	100
Kent Regional Newspapers Limited (1381259)	£1.00 ordinary	-	100
Lancashire & Cheshire County Newspapers Limited (7146238) ^(a)	£1.00 ordinary	-	100
Legionstyle Limited (1936042)	£1.00 ordinary	-	100
Live TV Limited (2965940)	£1.00 ordinary	-	100

Subsidiary and associated undertakings continued

As at 26 December 2021

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Liverpool Web Offset Limited (797447)	£1.00 ordinary	100	-
Liverpool Weekly Newspaper Group Limited (714750)	£1.00 ordinary	100	-
Llandudno Advertiser Limited (332137)	£1.00 ordinary	-	100
Local World Holdings Limited (07550888)	£0.0001 ordinary-A £0.0001 ordinary-B £0.0001 ordinary-C £0.0001 ordinary-D	-	100 100 100 100
Local World Limited (08290481)	£1.00 ordinary	-	100
London and Westminster Newspapers Limited (1208670)	£1.00 ordinary	-	100
London Newspaper Group Limited (2126851)	£1.00 ordinary	-	100
Mainjoy Limited (1970628)	£1.00 ordinary	-	100
Manchester Morning News Limited (7146218) ^(a)	£1.00 ordinary	-	100
Markstead Limited (3025792)	£1.00 ordinary	-	100
Mayfair Celebs Limited (3143998) ^(a)	£1.00 ordinary	-	100
Media Wales Limited (46946)	£1.00 ordinary	-	100
Medpress Limited (559427)	£1.00 ordinary	100	-
Meilin Limited (2166364)	£1.00 ordinary	-	100
MEN Investment Limited (7146260) ^(a)	£1.00 ordinary	-	100
MEN Media Limited (3890740)	£1.00 ordinary	-	100
Mercury Distribution Services Limited (885364)	£1.00 ordinary	-	100
Merseymart Limited (319598)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
MG Estates Limited (3555219)	£1.00 ordinary	-	100
MG Guarantee Co Limited (6256959)	-	100	-
MG6 Limited (6357772) ^(a)	£1.00 ordinary	100	-
MGL2 Limited (6234510)	£1.00 ordinary	-	100
MGN (86) Limited (421836)	£1.00 ordinary	-	100
MGN (AW) Limited (2946962)	£1.00 ordinary	-	100
MGN (Canada Square) Limited (02892419)	£1.00 ordinary	-	100
MGN (Services) Ltd (2177199) ^(a)	£1.00 ordinary	-	100
MGN Limited (2571173)	£1.00 ordinary	-	100
MGN Pension Trustees Limited (2658322)	£1.00 'A' Ordinary £1.00 'B' Ordinary £1.00 'D' Ordinary	-	100
MGN Property Developments Limited (2923941) ^(a)	£1.00 ordinary	-	100
Micromart (UK) Limited (2122028)	£1.00 ordinary	100	-
Middlesex County Press Limited (2068255)	£1.00 ordinary	-	100
Midland Independent Magazines Limited (1206379)	£1.00 ordinary	-	100
Midland Independent Newspaper & Media Sales Limited (2281540)	£1.00 ordinary	100	-
Midland Independent Weekly Newspapers Limited (385159)	£1.00 ordinary	-	100
Midland Leaflet Services Limited (2552550) ^(a)	£1.00 ordinary	-	100
Midland Newspapers Limited (1663033)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Midland Newspapers Pension Trustees Limited (2228647)	£1.00 ordinary	100	-
Midland Newspapers Printers Limited (2552554)	£1.00 ordinary	-	100
Midland United Newspapers Limited (2212019)	£1.00 ordinary	-	100
Midland Weekly Media (Birmingham) Limited (105934)	£1.00 ordinary	100	-
Midland Weekly Media (Wolverhampton) Limited (1119011)	£1.00 ordinary	100	-
Midland Weekly Media Limited (3103975)	£1.00 ordinary	-	100
Midland Weekly Newspapers Limited (2552545) ^(a)	£1.00 ordinary	-	100
Mirror Colour Print (London No. 1 Plant) Limited (2178521) ^(a)	£1.00 ordinary	-	100
Mirror Colour Print (London) Limited (1678318)	£1.00 ordinary	-	100
Mirror Colour Print (North) Limited (537916)	£1.00 ordinary	-	100
Mirror Colour Print Services (London) Limited (1969510)	£1.00 ordinary	-	100
Mirror Colour Print Services Limited (935731)	£1.00 ordinary	-	100
Mirror Financial Services Limited (3804460)	£1.00 ordinary	-	100
Mirror Group Music Limited (3087502)	£1.00 ordinary	-	100
Mirror Group Newspapers Limited (2542560)	£1.00 ordinary	-	100
Mirror Group Newspapers North (1986) Limited (1348163)	£1.00 ordinary	-	100
Mirror Projects Limited (2822578)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
MirrorAd Limited (3573736)	£1.00 ordinary	-	100
Mirrorair Limited (1376321)	£1.00 ordinary	-	100
Mirrorgroup Limited (7680699)	£1.00 ordinary	-	100
MirrorNews Limited (3573742)	£1.00 ordinary	-	100
MirrorTel Limited (2820338)	£1.00 ordinary	-	100
NCJ Media Limited (204478)	£1.00 ordinary	-	100
Net Recruit UK Limited (4153006)	£1.00 ordinary	-	100
Newcastle Chronicle and Journal Limited (5721335) ^(a)	£1.00 ordinary	-	100
North Eastern Evening Gazette Limited (3441979)	£1.00 ordinary	-	100
North Wales Independent Press Limited (1958646)	£1.00 ordinary	100	-
North Wales Weekly News (486584)	£1.00 ordinary	-	100
Nunews Limited (2858756)	£1.00 ordinary	-	100
O K Magazines Trading Co Limited (02812158)	£1.00 ordinary	-	100
O.K. Magazines Limited (02768369) ^(a)	£1.00 ordinary	-	100
Odhams Newspapers Limited (2179889)	£1.00 ordinary	-	100
Official Starting Prices Ltd. (2477911)	£1.00 ordinary	-	100
OK! Magazine Holdings Limited (08544780) ^(a)	£1.00 ordinary	-	100
Parkside Accountancy Limited (4083267) ^(a)	£1.00 ordinary	-	100
Parkside Consulting Limited (4083201) ^(a)	£1.00 ordinary	-	100
Planet Recruitment Limited (4082089) ^(a)	£1.00 ordinary	-	100
Planetrecruit Limited (3712451)	£1.00 ordinary	-	100

Subsidiary and associated undertakings continued

As at 26 December 2021

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Quids-In (North West) Limited (2667020)	£1.00 ordinary	100	-
R.E. Jones & Bros. Limited (707920)	£1.00 ordinary	-	100
R.E. Jones Graphic Services Limited (1198462)	£1.00 ordinary	-	100
R.E. Jones Newspaper Group Limited (1238072)	£1.00 ordinary	-	100
Reach Directors Limited (4331538)	£1.00 ordinary	100	-
Reach Magazines Distribution Limited (02794459)	£1.00 ordinary	-	100
Reach Magazines Limited (03009449)	£1.00 ordinary	-	100
Reach Magazines Publishing Limited (01633971)	£1.00 ordinary	-	100
Reach Magazines Worldwide Limited (06395556)	£1.00 ordinary	-	100
Reach Media Group Ltd (11051310)	£1.00 ordinary	-	100
Reach Midlands Media Limited (5286985)	£1.00 ordinary	-	100
Reach Nationals Limited (04386569)	£1.00 ordinary	-	100
Reach Network Media Limited (4086475)	£1.00 ordinary	-	100
Reach Pension Trustees Ireland Limited (13812160)	£1.00 ordinary	-	100
Reach Pension Trustees Limited (4705180)	£1.00 ordinary	100	-
Reach Printing Services (Midlands) Limited (211184)	£1.00 ordinary	-	100
Reach Printing Services (Oldham) Limited (2177980)	£1.00 ordinary	-	100
Reach Printing Services (Teesside) Limited (5286989)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Reach Printing Services (Watford) Limited (2064914)	£1.00 ordinary	-	100
Reach Printing Services (West Ferry) Limited (01997219)	£1.00 ordinary	-	100
Reach Printing Services Limited (1979335)	£1.00 ordinary	-	100
Reach Publishing Group Limited (3890730)	£1.00 ordinary	100	-
Reach Publishing Services Limited (08339522)	£1.00 ordinary	-	100
Reach Regionals Limited (3890736)	£1.00 ordinary	-	100
Reach Regionals Media Limited (127699)	£1.00 ordinary	-	100
Reach Secretaries Limited (4333688)	£1.00 ordinary	100	-
Reach Shared Services Limited (3890737)	£1.00 ordinary	100	-
Reach Southern Media Limited (1985909)	£1.00 ordinary	-	100
Reach Work Limited (1904765)	£1.00 ordinary	-	100
Reliant Distributors Limited (1225496)	£1.00 ordinary	-	100
RHI Limited (648191)	£1.00 ordinary	-	100
Scene Magazines Limited (1381396)	£1.00 ordinary	-	100
Scene Newspapers Limited (1108815)	£1.00 ordinary	-	100
Scene Printing (Midlands) Limited (1391392)	£1.00 ordinary	-	100
Scene Printing Web Offset Limited (1206696)	£1.00 ordinary	-	100
Sightline Publications Limited (01510224)	£1.00 ordinary	-	100
Smart Media Services Limited (1369992) ^(a)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Southnews Trustees Limited (2512931) ^(a)	£1.00 ordinary	-	100
Sunday Brands Limited (08539340) ^(a)	£1.00 ordinary	-	100
Sunday Express Limited (00184146)	£0.05 ordinary	-	100
Sunday People Limited (301999)	£1.00 ordinary	-	100
Surrey & Berkshire Media Limited (7146286) ^(a)	£1.00 ordinary	-	100
Syndication International (1986) Limited (448509)	£1.00 ordinary	-	100
Syndication International Limited (850258)	£1.00 ordinary	-	100
T M S Pension Trustee Limited (4522021)	£1.00 ordinary	-	100
The Adscene Group Limited (1131297)	£0.05 ordinary £1.00 7.8% Series 2 Cumulative Convertible Redeemable Preference	-	100 100
The Advertiser Limited (7201832) ^(a)	£1.00 ordinary	-	100
The Associated Catholic Newspapers (1912) Limited (120837)	£0.10 ordinary	100	-
The Birmingham Boat Shows Limited (697854)	£1.00 ordinary	-	100
The Birmingham Post & Mail Limited (3141237)	£1.00 ordinary	-	100
The Career Engineer Limited (4138919)	£1.00 ordinary	-	100
The Chester Chronicle and Associated Newspapers Limited (222859)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
The Daily Mirror Newspapers Limited (166810)	£1.00 ordinary	-	100
The Echo Press Limited (171206)	£1.00 ordinary	-	100
The Graduate Group Ltd (3730922)	£0.01 ordinary	-	100
The Green Magazine Company Limited (02403686)	£1.00 ordinary	-	100
The Hinckley Times Limited (47310)	£1.00 ordinary	-	100
The Hotgroup Limited (3236337)	£0.10 ordinary	-	100
The Liverpool Daily Post and Echo Limited (3015832) ^(a)	£1.00 ordinary	-	100
The People Limited (1991744) ^(a)	£1.00 ordinary	-	100
This Is Britain Limited (03268034)	£0.10 ordinary	-	100
TIH (Belfast) (Nominees) Limited (3909863)	£1.00 ordinary	-	100
TIH (Cardiff) Limited (3026546)	£1.00 ordinary £0.683 ordinary-A	-	100
TIH (Chester) Limited (3026545)	£1.00 ordinary £0.683 ordinary-A	-	100 100
TIH (Newcastle) Limited (3036379)	£1.00 ordinary £0.683 ordinary-A	-	100 100
TIH (Properties) Limited (553965)	£1.00 ordinary	100	-
TIH (Teesside) Limited (3036380)	£1.00 ordinary £0.683 ordinary-A	-	100 100
TIH (Trustee) Limited (3469055)	£1.00 ordinary	100	-
TM Leasing Limited (06391524)	£1.00 ordinary	-	100
TM Media Holdings Limited (04104523)	£1.00 ordinary	-	100

Subsidiary and associated undertakings continued

As at 26 December 2021

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
TM Mobile Solutions Limited (10292426)	£0.01 ordinary	-	100
TM North America Limited (05320973)	£1.00 ordinary-A	-	100
TM Regional New Media Limited (3890734)	£1.00 ordinary	100	-
TM Titles Limited (02827197)	£1.00 ordinary	-	100
TM Tower Management Services Limited (02805229) ^(a)	£1.00 ordinary	-	100
Totallyfinancial.com Ltd (3823143)	£1.00 ordinary	-	100
Totallylegal.com Limited (3823137)	£1.00 ordinary	-	100
Tower Magazines Limited (02528573)	£1.00 ordinary	-	100
Trinity 100 Limited (3441980)	£1.00 ordinary	-	100
Trinity 102 Limited (2458459) ^(a)	£1.00 ordinary	-	100
Trinity Limited (3815468) ^(a)	£1.00 ordinary	100	-
Trinity Mirror (L I) Limited (5317967)	£1.00 ordinary	-	100
Trinity Mirror Acquisitions (2) Limited (6444992) ^(a)	£1.00 ordinary	-	100
Trinity Mirror Acquisitions Limited (5534393)	£1.00 ordinary	-	100
Trinity Mirror Cheshire Limited (3890747)	£1.00 ordinary	-	100
Trinity Mirror Digital 1 Limited (08333380) ^(a)	£1.00 ordinary	-	100
Trinity Mirror Digital Limited (4089434)	£1.00 ordinary	100	-
Trinity Mirror Digital Media Limited (3906084)	£1.00 ordinary	100	-
Trinity Mirror Distributors Limited (4968805)	£1.00 ordinary	-	100

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Trinity Mirror Finance Limited (04315964)	£1.00 ordinary	-	100
Trinity Mirror Huddersfield Limited (5286931)	£1.00 ordinary	-	100
Trinity Mirror Marketing Direct Limited (2936617) ^(a)	£1.00 ordinary	-	100
Trinity Mirror Media Limited (04106172)	£1.00 ordinary	-	100
Trinity Mirror Merseyside Limited (3890743)	£1.00 ordinary	-	100
Trinity Mirror North Wales Limited (3890745)	£1.00 ordinary	-	100
Trinity Mirror Printing (Cardiff) Limited (5286933)	£1.00 ordinary	-	100
Trinity Mirror Printing (Liverpool) Limited (5286986)	£1.00 ordinary	-	100
Trinity Mirror Printing (Newcastle) Limited (5286987)	£1.00 ordinary	-	100
Trinity Mirror Regional Newspapers Limited (4089786) ^(a)	£1.00 ordinary	100	-
Trinity Mirror Videos Limited (02729730)	£1.00 ordinary	-	100
Trinity Newspaper Group Limited (919233)	£1.00 ordinary	100	-
Trinity Newspapers Southern Limited (1491074)	£1.00 ordinary	-	100
Trinity Publications Limited (1953315)	£1.00 ordinary	55.238	44.762
Trinity Retirement Benefit Scheme Limited (714710)	-	-	-
Trinity Shared Services Limited (827234)	£1.00 ordinary	-	100
Trinity Weekly Newspapers Limited (13297)	£1.00 ordinary	100	-

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
United Magazines Publishing Services Limited (01693996)	£1.00 ordinary	-	100
Vectis Innovations Limited (3976051) ^(a)	£1.00 ordinary	-	100
Vibrant Limited (4007233) ^(a)	£1.00 ordinary	100	-
Vivid Group Limited (143647)	£1.00 ordinary	100	-
Vivid Limited (4037989) ^(a)	£1.00 ordinary	-	100
Wandsworth Independent Limited (2152840)	£1.00 ordinary	-	100
Websalvo.com Limited (3904181) ^(a)	£1.00 ordinary	-	100
Welsh Universal Holdings Limited (976111)	£1.00 ordinary	-	100
Welshpool Web-Offset Co. Limited (1071324)	£1.00 ordinary	-	100
West Ferry Leasing Limited (04086472)	£1.00 ordinary	-	100
West Ferry Printers Pension Scheme Trustees Limited (08984753)	£1.00 ordinary	-	100
Western Mail & Echo Limited (326067)	£1.00 ordinary	-	100
Whitbread Walker Limited (2535880)	£1.00 ordinary	-	100
Wire TV Limited (2799315) ^(a)	£1.00 ordinary	-	100
Wirral Newspapers Limited (152425)	£1.00 ordinary	100	-
Wood Lane One Limited (4318355)	£1.00 ordinary	100	-
Wood Lane Two Limited (4318345)	£1.00 ordinary	100	-

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Workthing Limited (3873867)	£0.10 ordinary	-	100
	£0.10 ordinary-A	-	100
	£0.10 ordinary-B	-	100
	£1.00 Cumulative Redeemable Preference Shares at 9.25%	-	100

(a) Application for voluntary strike off filed after 26 December 2021.

Subsidiary and associated undertakings continued

As at 26 December 2021

The following subsidiary undertakings are 100% owned (all share classes), and incorporated in Scotland, with a registered office at One Central Quay, Glasgow, G3 8DA.

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Aberdonian Publications Limited (SC126378) ^(a)	£1.00 ordinary	-	100
Anderston Quay Printers Limited (SC097571)	£1.00 ordinary	-	100
Dundonian Publications Limited (SC126379) ^(a)	£1.00 ordinary	-	100
First Press Publishing Limited (SC139798)	£1.00 ordinary	-	100
Glaswegian Publications Limited (SC109893)	£1.00 ordinary	-	100
icScotland Limited (SC205330) ^(a)	£1.00 ordinary	-	100
Insider Group Limited (SC163709) ^(a)	£1.00 ordinary	-	100
Insider Publications Limited (SC094795)	£1.00 ordinary	-	100
Media Scotland Limited (SC097566)	£1.00 ordinary	-	100
Metropolitan Free Newspapers Limited (SC126368)	£1.00 ordinary	-	100
Newsday Limited (SC151300) ^(a)	£1.00 ordinary	-	100
Northern Print Services Limited (SC092400)	£1.00 ordinary	-	100
Reach Printing Services (Saltire) Limited (SC276920)	£1.00 ordinary	-	100
Saltire Press Limited (SC151303)	£1.00 ordinary	-	100
Scotfree Limited (SC153532) ^(a)	£1.00 ordinary	-	100
Scottish and Universal Newspapers Limited (SC005761)	£1.00 ordinary	-	100
Scottish Daily Record and Sunday Mail Limited (SC012921)	£1.00 ordinary	-	100

Scottish Express Newspapers Limited (SC020889)	£1.00 ordinary	-	100
The Edinburgh and Lothians Post Limited (SC122538)	£1.00 ordinary	-	100
Trinity Mirror Printing (Blantyre) Limited (SC276879)	£1.00 ordinary	-	100

(a) Application for voluntary strike off filed after 26 December 2021.

The following subsidiary undertaking is 100% owned (all share classes), and incorporated in the United States of America, with a registered office at 101 Avenue of the Americas, Suite 934, New York, NY 10013.

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Trinity Mirror Marketing LLC (20-4489794)	US\$1.00 ordinary	-	100

The following subsidiary undertakings are 100% owned (all share classes) and incorporated in Ireland, with a registered office at 38 Upper Mount Street, Dublin 2.

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Independent Star Limited (122550)	€1.27 ordinary-E €1.27 ordinary-I €1.27 Preference	-	100
Reach Publishing (Ireland) Limited (646649)	€1.00 ordinary	-	100

The following subsidiary undertaking is 100% owned (all share classes), and incorporated in Northern Ireland, with a registered office at 415 Holywood Road, Belfast BT4 2GU.

Subsidiary name and company number	Share class	Proportion of shares held by the Company (%)	Proportion of shares held by subsidiary (%)
Trinity Mirror Limited (NI650694)	£1.00 ordinary	100	-

Associated undertakings

Name and company number	Incorporated	Ownership	Registered office address
Brand Events TM Limited (8742448)	England and Wales	50%	3rd Floor, 207 Regent Street, London, W1B 3HH
Ozone Project Limited (11471303)	England and Wales	25%	3 Marshalsea Road, London, SE1 1EP
PA Media Group Limited (00004197)	England and Wales	25.4%	The Point, 37 North Wharf Road, Paddington, London, W2 1AF
NLA Media Access Limited (03003569)	England and Wales	14.286%	Mount Pleasant House, Lonsdale Gardens, Tunbridge Wells, Kent, TN11 1HJ

Shareholder information

Registered office

One Canada Square
Canary Wharf, London E14 5AP, United Kingdom
Telephone: +44 (0) 207 293 3000
Company website: www.reachplc.com
Registered in England and Wales No. 82548

Advisers

Corporate brokers

N+1 Singer Capital Markets Limited
One Bartholomew Lane, London, EC2N 2AX
Telephone: +44 (0) 207 496 3000

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square, London EC4M 7LT
Telephone: +44 (0) 207 260 1324

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place, London, WC2N 6RH

Registrar (the Registrar)

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex
BN99 6DA
Telephone: 0371 384 2235*

For overseas shareholders: +44(0) 121 415 7047

* Lines are open from 8.30 am to 5.30 pm, Monday to Friday, excluding Bank Holidays in England and Wales.

If you have any queries regarding your shareholding, please contact the Registrar.

Financial public relations

Tulchan Communications LLP
2nd Floor
85 Fleet Street, London EC4Y 1AE
Telephone: +44 (0) 207 353 4200

Financial calendar 2022:

5 May 2022	Trading Update
12 May 2022	Ex-Dividend Date
13 May 2022	Record Date
10 June 2022	FY 2021 Final Dividend Payment
26 July 2022	HI 2022 Results
25 November 2022 (TBC)	Trading Update

Annual General Meeting

The next AGM will take place on 5 May 2022 in London. More details of the arrangements will be posted to our website www.reachplc.com, and will be contained within the Notice of Meeting.

The Notice of Meeting and Proxy Card for the AGM to be held on 5 May 2022 will be provided to shareholders at least 20 working days prior to the meeting date, as required by the FRC's Guidance on Board Effectiveness.

Share price information

The Company's ordinary shares are listed on the Main Market of the London Stock Exchange. Share price information can be found on the website, www.reachplc.com.

ISIN number: GB0009039941
SEDOL number: 0903994
Legal Entity Identifier: 213800GNI5XF3XOATR61

As well as using the Reach website to view details of the current and historical share price, shareholders can find share prices listed in most national newspapers. For a real-time buying or selling price, you should contact a stockbroker.

E-communications

Reach encourages its shareholders to consider receiving shareholder information electronically. Electing to receive shareholder communications in this way allows shareholders to access information quickly and securely. It also reduces Company costs by

decreasing the amount of paper it needs to use and minimises its environmental impact.

To register for this service, please visit www.shareview.co.uk.

Share dealing and Shareview

The Company's shares can be traded through most banks, building societies and stockbrokers. Additionally, shareholders can buy and sell shares through a telephone and internet service provided by the Company's Registrar, Equiniti.

Shareview, a website operated by Equiniti, allows shareholders to view the details of their shareholding, register for e-communications and send voting instructions electronically if they have received a voting form with an electronic reference or signed up for Shareview. For more information about both services, log on to www.shareview.co.uk or call 03456 037037 for Shareview Dealing.**

** Lines are open Monday to Friday from 8.00 am to 4.30 pm for Shareview Dealing and until 6.00 pm for any other Shareview Dealing enquiries.

Warning to shareholders – boiler room scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

How to avoid share fraud

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from www.fca.org.uk, to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. Remember: if it sounds too good to be true, it probably is!

Report a scam

If you are approached about an investment scam, you should tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Investor relations

We communicate with the financial community on a regular and ongoing basis to support our stakeholders in their investment decision process. While the investor relations programme is driven by statutory reporting requirements, it also contains a strong element of additional communication in the form of meetings and presentations.

Group five-year summary

Adjusted	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Income statement					
Revenue	616	600	703	724	623
Operating profit	146	134	153	146	125
Finance costs net of interest income	(3)	(3)	(3)	(4)	(2)
Profit before tax	143	131	150	142	123
Tax charge	(26)	(25)	(28)	(28)	(24)
Profit for the period	117	106	122	114	99
Basic earnings per share*	37.6p	34.4p	39.4p	37.5p	34.5p

* 2017-2019 Basic earnings per share restated following the bonus issue to shareholders in lieu of and with a value equivalent to a dividend of 2.63 pence per share in 2020.

Statutory	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Income statement					
Revenue	616	600	703	724	623
Operating profit/(loss)	79	8	132	(108)	98
Pension finance charge	(3)	(5)	(8)	(8)	(12)
Finance costs net of interest income	(3)	(3)	(3)	(4)	(4)
Profit/(loss) before tax	73	–	121	(120)	82
Tax charge	(70)	(27)	(27)	–	(19)
Profit/(loss) for the period	3	(27)	94	(120)	63
Basic earnings/(loss) per share*	0.9p	(8.6)p	30.5p	(39.3)p	22.0p

* 2017-2019 Basic earnings/(loss) per share restated following the bonus issue to shareholders in lieu of and with a value equivalent to a dividend of 2.63 pence per share in 2020.

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Balance sheet					
Intangible assets	860	855	852	852	901
Property, plant and equipment	157	168	225	246	248
Other assets and liabilities*	(444)	(498)	(462)	(499)	(473)
	573	525	615	599	676
Net cash/(debt)	66	42	20	(41)	(9)
Net assets	639	567	635	558	667
Total equity	639	567	635	558	667

* The Group implemented IFRS 16 'Leases' in 2020. Right-of-use assets and lease liabilities are included in other assets and liabilities.

**Consultancy, design and
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Reach

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