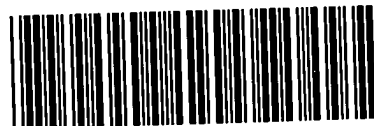


Trusted delivery.

Annual Report and Accounts 2024

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COMPANIES HOUSE

Welcome to our Annual Report and Accounts 2024

Delivering on expectations and opportunity.

The highlights of the year are testament to the balance we have struck between short- and longer-term goals. Our key financial measures are ahead of expectations... and we have growing new profit streams that leverage our competencies and competitive advantage.

Jonathan Bunting
Chief Executive Officer

Headline results

A good performance on key measures

Total Statutory Revenue		Statutory Profit after Tax		Average Net Debt	
2024	£1,103.7m	2024	£25.5m	2024	£11.7m
2023	£1,091.9m	2023	£25.1m	2023	£25.0m

Adjusted Operating Profit		Adjusted Earnings per Share		Bank Net Debt	
2024	£39.1m	2024	10.3p	2024	£11.0m
2023	£38.8m	2023	10.8p	2023	£4.2m

Adjusted Profit after Tax		Free Cash Flow		Dividend per Share	
2024	£24.7m	2024	£7.3m	2024	7.15p
2023	£25.6m	2023	£21.8m	2023	4.15p

Read more
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55%

Our market share of
UK newspapers and
magazines

99%

Of unsold
newspapers and
magazines recycled

A message from our CEO

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Listening to our stakeholders

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Our vision and strategy

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Driving colleague engagement

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Read more about us on our website
→ www.smithsnews.co.uk

Spotlight on Smiths News plc

Delivering solutions now and for *the future*.

Who we are



For over 200 years we have been delivering the daily news across the UK. Our scale, experience and expertise in the sector is unparalleled, but today we are expanding our horizons, working towards our vision to consolidate our position as one of the UK's leading providers of early morning, end to end, supply chain solutions.

In this snapshot, we explain who we are and what we do...

The UK's largest news wholesaler.

With 55% market share, Smiths News plc is the UK's largest newspaper and magazine wholesaler, serving approximately 22,400 retail outlets in England and Wales. Every morning, we deliver to thousands of retailers, from corner shops to large superstores, ensuring that newspapers and magazines are widely available to all.

Bespoke network

Using a hub and spoke configuration, we have 34 depots across England and Wales, providing wide coverage and efficient capability. Our regional 'super hubs' operate round the clock, supported by smaller depots and overnight distribution centres which make the 'final mile' distributions to approximately 22,400 retailers. This configuration is continually reviewed for optimum efficiency, flexibility and resilience.

Critically, the network offers a unique capability to reach thousands of customers every day, with an early morning delivery and collection service that is flexible, efficient and highly reliable.

What we do



Scale logistics

At the core of our logistics operation is our ability to receive, pick, pack and deliver supplies from a variety of suppliers, in the tightest of time windows. We do this at scale, processing an average of 2 million newspapers every day and 3.9 million magazines every week.

To achieve this, our network is set up to receive supplies round the clock, with the less time sensitive products prepared in advance of the overnight newspapers. By consolidating supplies from all of the leading publishers in the UK we provide an efficient and cost effective logistics solution for all parties.

Early morning deliveries

At Smiths News we work to uniquely challenging delivery windows. As a result, we have unparalleled early morning capability, with over 90% of our deliveries being completed by 6.30am. All our deliveries are tracked and recorded to provide quality assurance across the supply chain.

The newspaper lifecycle means today's editions are out of date within a matter of hours.

Recycling capability

Every morning, we collect yesterday's unsold newspapers and out of date magazines, using onsite facilities that sort and process these returns for recycling. Our new venture Smiths News Recycle extends our capabilities to cardboard and plastic – it is proving to be a popular service with retailers and a growing opportunity to use our capabilities in a new market.

We're proud to serve our customers and their communities every day of the year.

End to end solutions

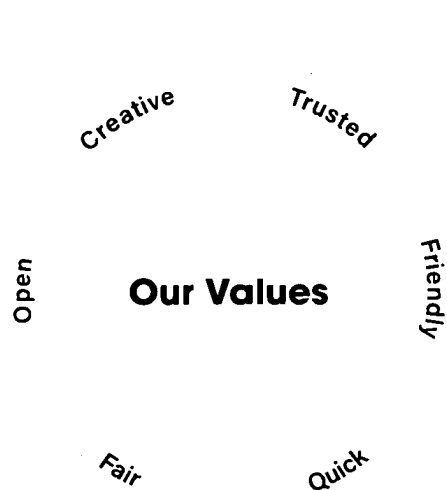
Our logistics expertise is supported by technology and processes that provide a comprehensive solution, for our suppliers and customers. This includes demand forecasting, core deliveries, sales-based replenishment, the collection and recycling of any unsold copies and instore support when required. All our services are backed by transparent KPIs that ensure the same high-quality service in every corner of our network.

Market insight

Our supply and invoice systems give us a complete view of the market, with the most comprehensive data set of anyone in the industry. We use this information to forecast sales trends and help publishers and retailers respond to fluctuating demand. This market insight is critical to our added value role and is one factor that distinguishes our service from that of other wholesalers and carriers.

c.160k

Tracked deliveries
each week



Read more
→ Sustainability and people 34

Where we are

c.5m

Number of newspaper
distributed each week

99%

Of unsold newspapers
and magazines are recycled

24

Hours we operate a day

Adjacent businesses



We have a range of adjacent businesses that leverage our capabilities in complementary markets.

Smiths News Recycle

Our fast-growing recycling service offering daily collections of plastic and cardboard waste.

DMD

A specialist supplier of printed and digital media to airlines and travel points in the UK and worldwide.

Instore

Working with suppliers and retailers Instore specialises in field-based merchandising, supply chain auditing and compliance solutions.

Martin Lavell

Martin Lavell supplies newspapers and magazines directly to large corporate and public sector organisations.

Key

Hub

Spoke

Vision, Strategy and Business Model

Established expertise, consistently *value adding.*

Our vision, strategy and business model are founded on our long-established leadership in news wholesaling but is also focused on the future. With renewed long-term contracts and strong underlying finances, we have the capability and means to grow 'from' our core – fully maintaining the qualities that have served us well, while also fostering new opportunities that fit our capabilities and culture.

This year we have taken the time to restate our vision and purpose to reflect the progress of the business and the opportunities to expand in complementary markets.

To consolidate our position as one of the UK's leading providers of early morning end to end supply chain solutions.

Our vision statement describes the direction we are headed. It is grounded in our business model and competitive advantage, and as such it acts as a compass bearing for our strategy and plans. Its constituent parts reflect the full scope of our competencies and our belief in their potential to foster growth.

The UK's leading provider

Already the UK's largest and leading UK news wholesaler, we are a scale logistics provider with the capability and ambition to expand from our core business. Reaching approximately 22,400 customers every day, we have an extremely high drop density and frequency of delivery. Our network provides efficient coverage of England and Wales, and our technology means we can support physical deliveries with tracking, invoicing and data management.

Early morning capability

Early morning delivery is our specialism: working overnight and round the clock to reach customers before 7.00am for both deliveries and collections. What's more, we do this for small and large retailers, in urban and rural areas, and on weekdays and weekends. It's a unique capability that other logistics providers cannot match.

End to end services

Our role is not limited to daily deliveries and collections. Rather, we offer a complete range of services that includes invoicing, customer experience, instore support, recycling and replenishment. Linking suppliers to customers we have an 'end to end' capability that sets us apart from traditional logistics providers.

Supply chain solutions

We are committed to long-term partnerships and working across our supply chains to make them more efficient, sustainable and profitable for all parties. We plan to continue investing and innovating in a way that enhances our role and supports our vision of adding value in all that we do.

→ Our Vision

To consolidate our position as one of the UK's leading providers of early morning end to end supply chain solutions.

→ Our Purpose

Making our customers' lives easier and more profitable. We provide supply chain solutions that enable them focus on what they do best.

Making our customers' lives easier and more profitable. We provide supply chain solutions that enable them to focus on what they do best.

Our purpose statement describes the role we play and the difference we make to our customers and the wider supply chain. It dovetails to our vision, business model and values, and reflects the benefits we bring to our customers and trading partners.

Making our customers' lives easier

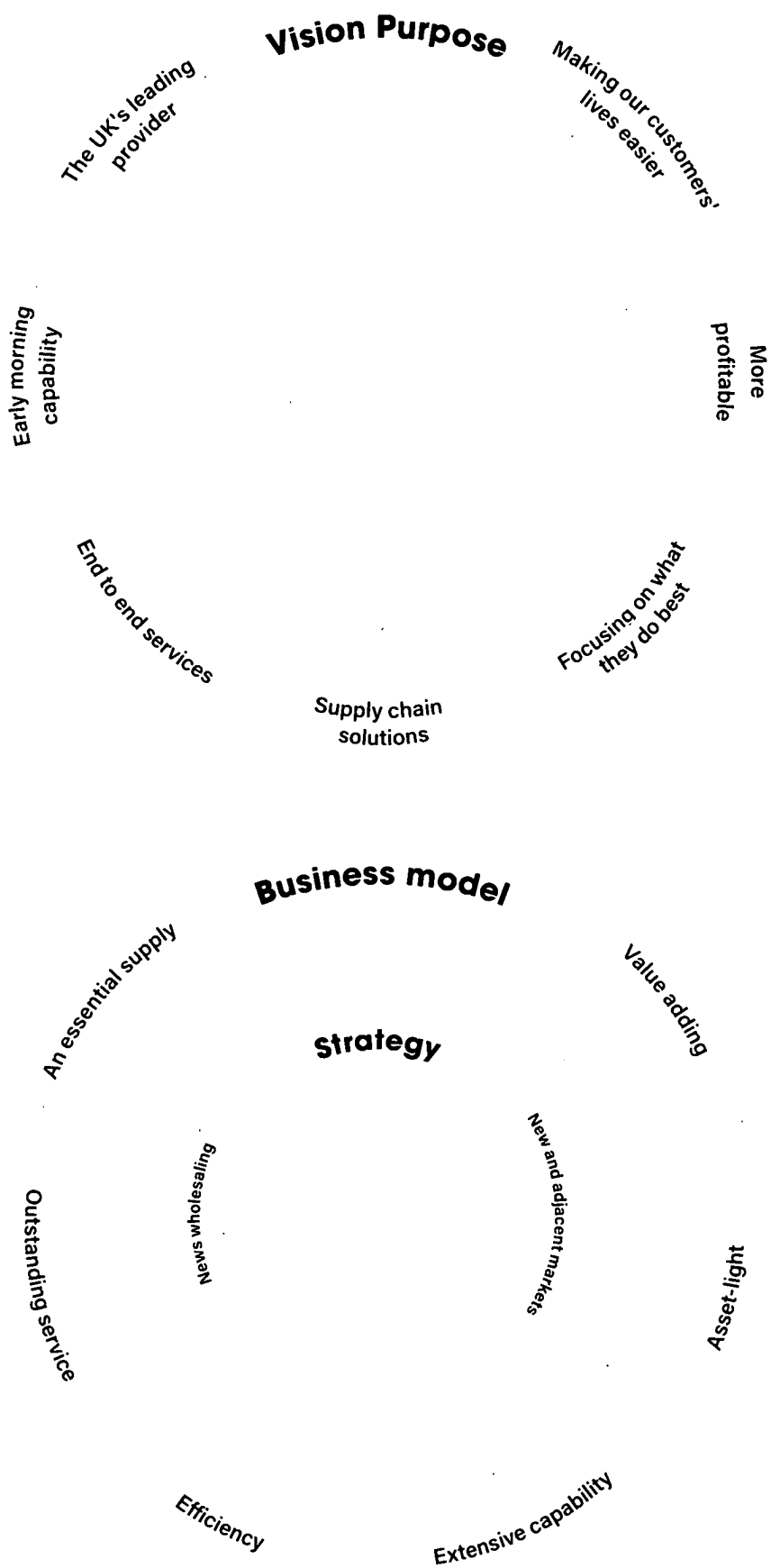
Meeting customer needs is central to our role and purpose. With a range of services, we simplify the complexity of managing supplies, forecasting demand and handling returns. And it's this added value which cements our role in our chosen supply chains.

More profitable

By simplifying complexity, we also make our categories more profitable for our customers, standardising processes and reducing instore handling costs. Our market oversight means we can anticipate demand and help customers to maximise sales throughout the year.

Focusing on what they do best

Our aim is to be an essential partner for all our customers, allowing them to concentrate on running their business without time-consuming administration or the need for detailed category expertise. With daily deliveries and thousands of potential product lines our services help our customers manage their supplies and ranges with ease.



Vision, Strategy and Business Model continued

Our strategy is clear and uncomplicated. It has two distinct but interconnected threads that ensure we make the best of our leadership today, while also building for the future.

News wholesaling

The wholesaling of newspapers and magazines is what we term our 'core' business. With 55% market share and over 200 years' experience, we are the clear market leader in this specialist field. We recognise that sales of printed news products are in long-term decline, but these trends are gradual, and our share of the market still supports over £1 billion of revenues. Our long-term contracts also provide enviable security and visibility, not only of our likely future revenues and cash flows but also of our network requirements and other investment needs.

Our strategy is therefore long established, backed by track record of tangible delivery. We aim to maintain our market leadership with a combination of unmatched service, industry innovation and scale efficiency that makes Smiths News an essential partner for our publishers and retail customers. In addition, we will pursue tactical opportunities that deliver useful additional revenues, making a helpful contribution to overheads without distraction from our contractual commitments.

New and adjacent markets

The skills and competencies required for news wholesaling are increasingly applicable to growing adjacent opportunities and entry into other new and emerging markets. Our strategy for growth is firmly focused on those opportunities for which we have inherent competitive advantage, founded on our capabilities in early morning distribution and our skill set in providing supply chain solutions for complex to manage categories and essential services.

Having identified a range of potential opportunities, we are currently applying a robust selection methodology, including real-world trials and testing, before committing to investing at greater scale. This approach not only ensures we have the evidence to help make sound decisions, it also provides reassurance that the avenues we choose to follow are compatible with our core business model and customer needs.

Growth Methodology

We have adopted a prudent but progressive approach to growth.

In tangible terms, this means our strategy and methodology are intended to evolve our business model over time, as opposed to diversifying in radically new or tangential directions. In practice, we are most attracted to markets, such as the growing demand for early morning distribution and reverse logistics, that play directly to our strengths.

Having conducted extensive research, the strategic opportunities we are now exploring are all based on material industry requirements and consumer trends. It is clear that there is no shortage of exciting directions to take. Our goal in applying a strict selection methodology is to refine these to fewer propositions, identifying those with the greatest potential for scale and long term competitive advantage.

The methodology that will guide our investment decisions includes:

- Focusing on our proven skills and capabilities
- Evaluating the results of test and trials
- Ensuring there is no compromise or distraction to the core business
- Leveraging our industry relationships
- Using our spare capacity to support cost advantage
- Building scale to embed our offer and enhance competitive advantage

By applying these principles, our plan is not only to increase the contribution from new revenues, but to build a portfolio of compatible business activities that offer sustainable competitive advantage. While our primary focus is to build from within, we remain open to funding modest bolt-on acquisitions where these would add scale, skills and synergies.

Business Model

Our business model is strong and well established, founded on sector expertise and value adding services. With an asset-light, final mile, contractor model we have the ability to flex our service in response to demand and are not burdened with the high fixed costs of a large fleet. From a trading perspective, the invoicing and payment cycle promotes positive cash generation, and we operate with low levels of debt.

An essential supply chain partner

As the UK's largest news wholesaler, we have long-term contracts that provide security and visibility of revenue streams. Building on this core capability, we are growing in adjacent markets that play to our strengths in early morning distribution and end to end logistics.

Integral to our business model is a long term commitment to meeting the needs of all stakeholders, balancing investment and innovation that benefits customers, suppliers and our people, with attractive returns for our investors.

Our logistics capability supports a shared route to market that delivers outstanding service, tangible efficiencies and added value for both suppliers and customers. All this is achieved in the tightest of time windows 364 days of the year.

Outstanding service

As an essential partner in our supply chains we work to shared objectives and promote full transparency of performance. In doing so, we track and measure the flow of products from receipt at our depots to customer deliveries and, ultimately, the returns and recycling of any unsold supplies. The standards we set are high, encompassing on-time delivery, processing accuracy and data integrity. Suppliers and customers are provided with detailed information and our entire service is backed by comprehensive communication and extensive KPIs.

Efficiency

As the UK's largest news wholesaler, we serve all the major publishers, reaching thousands of customers in a way that ensures costs are shared across the supply chain. In fulfilling these complex logistics, we have developed a capability to reach retailers of all sizes in both urban and rural areas – thereby ensuring the widespread and timely availability that is an essential component of our contracts.

In allocating supplies, our market insight means that we can respond to fluctuations in demand and achieve optimum availability without excess waste.

Asset-light

Our long-established network of final mile contractors means that we have the flexibility to respond to changing demand without the burden of high fixed costs. Furthermore, we can test and trial new opportunities with limited capital investment, working with our contractors who then share in the benefits these new initiatives bring.

Value adding

At Smiths News we do much more than mere delivery and collection. Our range of services provide extensive added value to customers and suppliers, helping them to run their business more efficiently and profitably. We work closely with all the major players and industry bodies to ensure our service propositions makes meaningful difference, thereby embedding our role and value across the supply chain.

Extensive and growing capability

Our business model – in tandem with our vision and purpose – is built on extensive capabilities that are integral to our role and market leadership.

As we look to the future, we plan to apply these skills and competencies to more adjacent and emerging markets, growing 'from' our core in way that enhances our prospects and creates new competitive advantage.

Our capabilities

Early morning specialist

Every day we reach approximately 22,400 customers, typically before 6.30am, with reliable deliveries and collections that are essential for their businesses.

Network coverage

The density and frequency of our daily deliveries is second to none – we cover urban and rural areas, using flexible routing that accommodates variations in volume while optimising efficiency.

Returns logistics

Alongside our daily deliveries we collect unsold and recycle waste products for return and recycling. We have in-house capability to sort, process and audit products of high value as well as ensuring sustainable disposal.

Assured KPIs

We track and monitor every step of the logistics process – from receipt of goods to returns and recycling – and share performance with transparent reporting to suppliers and key customers.

Category management

With a comprehensive view of sales and returns, our systems adjust the supplies of over 3,000 product lines on a daily basis. This helps to maximise sales and simplifies the management of complex categories for our customers.

Instore support

We have capability to provide in-store merchandising, sales promotion and stock auditing. We also have access to specialist high traffic flow outlets such as those at airports and travel points.

Smiths News Recycle

Convenience and *efficiency* for our clients.

Smiths News Recycle is a new and innovative service that, in just over two years, has grown from a regional trial to more than 5,000 customers across our full network.

Meeting a clear gap in the market, we offer a daily collection of cardboard and soft plastic recycling, tailored to the needs of small and medium-sized retailers who typically struggle with storage space and need a regular, flexible, collection. This fits with our competencies and provides customers with a simple solution provided by a trusted partner.

It's the leading example of our strategy to experiment and trial new business opportunities that build 'from' our core skills and competencies, making further investment as and when we are confident that greater scale can be supported.

How the service model works

1.
Customers receive bags for pre-sorting waste

2.
Waste is left in the marked bags outside of stores

3.
Collections are made early morning as part of our news deliveries

4.
Our depots sort and consolidate the waste into bulk consignments

5.
We work with specialist recyclers to dispose of the waste sustainably

Helping customers save time and money

Smiths News Recycle helps customers save time and money and frees up space in store. And key to its popularity is the simplicity, convenience and assurance that the service offers.

Simplicity

Participating retailers are provided with recycling bags

The filled bags are left in an agreed location for pick up along with newspaper and magazine returns

Collections are made the following morning, typically before the store opens

Convenience

Collections are made every day

Customers can have as many bags and pick-ups as they wish

Flexible collections mean there is no need to book slots

Assurance

There is single low-cost weekly fee and no lengthy contract to sign

The waste is sorted and recycled through accredited partners

Customer support is available online and through our call centres

Leveraging our competencies

The launch and rapid growth of Smiths News Recycle has been built on our existing infrastructure and customer footprint. In particular, the daily collections are integrated to the newspaper delivery routes and our depots already have in-house waste sortation facilities. Customer sign-up, invoicing and communication can also be handled within existing systems.

This in-house advantage has allowed us to test processes and increase scale and with a limited initial investment. As a result, the service is already making a positive contribution to profits and fits perfectly with our overall vision to be a leading provider of early morning, end to end, supply chain solutions.

Phil White
General Manager Smiths News Recycle

Key to our success has been keeping the offer simple, and expanding after trailing and testing new ideas, so that we learn what works and what doesn't fit our model.

Growing demand for recycling solutions

The demand for recycling solutions is growing rapidly, driven by legislation and greater awareness of our environmental responsibilities.

Larger retailers, such as supermarkets have specialist partners to manage a range of high volume and complex waste categories. Smaller businesses, however, require a simpler solution that's focused on fewer categories and smaller daily volumes.

In this environment Smiths News Recycle has a clear strategy for growth. We are targeting small and medium sized customers whose primary concern is assured removal of their packaging and plastic waste. This fits with our competencies and provides customers with a simple solution provided by a trusted partner.

Since launching Smiths News Recycle, we have focused primarily on our existing customers, but we are now looking to broaden our horizons.

Already we have a significant number of bookmakers using the service and we are assessing enquiries from several other customer opportunities that would fit with our delivery footprint.

Investing for greater scale

As the business grows, we are investing to improve efficiency, ensuring we can quickly sort and process the waste for our end recycling partners. We are now handling over 21,000 bags of waste every week and are planning for greater volumes as more customers come on board.

This year we have invested in 1,000 storage magnums to help separate and handle waste on pallets in our depots. New state of the art waste compactors have also been installed at Birmingham, the original launch site for Smiths News Recycle. The compactors will give us greater on-site processing capacity as well as ensuring we can operate with our trademark efficiency. Subject to successful trials, we plan for these to be rolled out to other distribution centre hubs.

What our customers say

Customers are delighted with our core service; they say it is simple, reliable and fairly priced. Our six week free trial period for new customers provides a no risk sign up and helps them to confirm if the service fits their needs.

Instore

Supporting customer *profitability.*

Established in 2000, Instore is our award-winning merchandising and field marketing business. For over two decades we've been working with retailers, suppliers and publishers, providing field-based merchandising and retailer-focused marketing and compliance solutions.

Starting life as a specialist in newspaper and magazines, Instore now has expertise and brand reputation in supporting a much broader range of categories. These include greetings cards, confectionary, books, DVDs, snacks and other express and kiosk products.

We operate across the UK and our retail customers include, among others, WH Smith, Sainsbury's, Tesco, Lidl, Morrisons, B&M and Home Bargains. Supplier clients include leading national publishers, confectionary brands, stationery, greeting cards and health and beauty suppliers.

While merchandising and field marketing are Instore's flagship services, we supplement these with promotional compliance and sales reporting. We take pride in offering a comprehensive and flexible service that meets fast-changing needs of our customers and express categories in particular – whether that be tactical support for promotions or longer-term solutions for brand awareness.

This year, Instore supported Topps in the merchandising of their 2024 UEFA European Football Championship sticker and trading card collections. Helped by our proactive presence ensuring excellent display and availability across multiple retail footprints, sales of the collection were up by 23% on plan, a tangible success, not only for the publisher client, but for customers, retailers and Smiths News too.

Instore has the experience and expertise to deliver cost-effective and value adding solutions.

Instore fits squarely with our vision and purpose, making customers lives easier, helping to increase their profitability and supporting end to end supply chain solutions.

DMD

Delivering *high value* supply chain solution.

DMD is a leading travel hub and airside service provider, specialising in the supply and placement of newspapers, magazines and digital media. Drawing on 35 years' experience we work with publishers, airlines and major travel operators across the globe.

Providing a comprehensive supply chain solution, we enable publishers to reach valuable out-of-home audiences in locations that are complex to serve. These include international airports and rail terminals, airside lounges, and even the supply of on-board copies for complimentary distribution.

Making this process easy for our customers, our expert teams manage the entire process, from content sourcing and delivery to central invoicing across territories and media formats in one seamless service – whether that be local to the UK or a fully global operation.

As such, we now operate in 20 countries, either supplying directly or using established local partners. Our clients include a wide range of major international publishers as well as leading airlines such as Emirates and Thai Airways. In addition, we supply Eurostar, and major UK airports such as Heathrow and Gatwick.

This year we were pleased to extend our agreement with Emirates airline. Supporting its reputation for outstanding customer service, Emirates trusts DMD to supply its flagship flights from Dubai with a range of magazines sourced from nine different countries. In addition, we supply copies to a further 30 Emirates' first and business class lounges in 15 countries.

Our contract with Emirates demonstrates how we work to enable simple solutions across a complex supply chain.

20

Number of countries we operate in, either supplying directly or using established local partners

30

Number of first and business class lounges we supply for Emirates airline

Chairman's Statement

A good performance, highlighting our core competencies and future potential.

As we accelerate our pursuit of new revenues, we can be sure that the skills, competencies and culture that have brought us to where are today, are equally compatible with those we need for the future.

David Blackwood
Chairman

I'm pleased to report that Smiths News has once again returned a good financial performance, while making operational progress that will help to ensure we maintain our leadership and continue to meet the needs of all stakeholders.

This disciplined execution of our plans is characteristic of our business, reflecting our determination to focus on what we do best while leveraging our core competencies in adjacent opportunities. In doing so, we have embedded the progress of recent years, enabling us to look to the future with a confidence that is built on tangible success. From a financial perspective, our results this year have exceeded market expectations. In line with our business model, performance is founded on a programme of robust cost control, helping to offset the decline in core volumes and ongoing inflationary headwinds. Additional sales from the men's 2024 UEFA European Football Championships and a growing contribution from new revenues have also provided a notable benefit. As a consequence, our headline measures continue to show year-on-year progress.

Adjusted operating profit of £39.1m is up 0.8% (FY2023: £38.8m) from revenue of £1,103.7m that was up by 1.1% (FY2023: £1,091.9m). Statutory Operating Profit of £40.0m was up 4.4% (FY2023: £38.3m). Free Cash Flow of £7.3m (FY2023: £21.8m) is impacted by the timing of payments at year end, as is Bank Net Debt of £11m (FY2023: £4.2m). In this respect, a more representative measure of our strengthening balance sheet is the 53.2% reduction in Average Bank Net Debt to £11.7m (FY2023: £25.0m).

Behind these headlines sits a mix of revenue and cost variations that reflect the nature of our markets and operational model. Importantly, sales of newspapers and magazines continue to deliver substantial revenue and cash flows and although volumes are structurally challenged, they are relatively stable and predictable. This year, our revenue has been boosted by continued strong cover price rises helping to mitigate the impact of volume declines. Sales of higher margin one-shots and collectibles were also robust, with trading card and sticker collections adding to the growth.

In seeking operating cost saving, we remain committed to finding sustainable efficiencies that help to keep pace with the structural decline in sales, but without impacting our service standards. Achieving this balance is vital to maintaining the trust of our trading partners and, indeed, increasingly our efficiency plans are collaborative across the supply chain. This year, we have made further changes to our network and to local delivery configurations that are a proportionate response to the acknowledged long-term trends in the industry. Inflationary impacts on our base distribution costs are a further component and we remain mindful that the underlying variables are likely to remain under pressure for some time.

Moving forward, the renewal of our publisher contracts means we have enviable clarity on our network and core distribution footprint, through to the end of the decade. As the market leader we never take this security for granted, recognising that our contracts – and our reputation – are founded on maintaining the high standards of service that our customers expect. This is why we continue to invest in technology, new services and infrastructure to position Smiths News as an essential supply chain partner and a benchmark of excellence and efficiency.

These investments will also help to facilitate our growth in adjacent opportunities. Our strategy in this regard is clear: we believe our competencies can be leveraged in new markets and that this is best achieved by growing 'from' our core, rather than more speculative diversification.

The progress of our recycling service, from start up to circa 5,000 customers, is testament to this approach and we are confident that more opportunities can be developed that match our early morning delivery capabilities. While we believe that many opportunities can be developed from within, we remain open to the possibility of building scale with appropriate bolt-on acquisitions that meet robust investment criteria for delivering shareholder value.

In May 2024 we announced our renewed banking facilities with arrangements that are a watershed in our journey to remove the burden of excessive debts and provide greater flexibility to our operations. Not only do the new arrangements confirm our commitment to a strong balance sheet, they allow for greater flexibility in both investment and distributions to shareholders. This is a significant achievement from where we were five years ago and one from which all stakeholders will benefit.

In line with these objectives, a final ordinary dividend of 3.40p is recommended to be paid in February 2025 (FY2023: 2.75p) bringing the total ordinary dividend in the year to 5.15p (FY2023: 4.15p). The Board is also proposing payment of a further special dividend of 2.0p, to be paid alongside the final dividend in February 2025.

Online Investor Zone

Keeping our shareholders informed

The investor zone on our website provides shareholders with a wealth of information on the Company and its performance.

→ www.smithsnews.co.uk/investor-zone/

It includes a range of useful tools to keep up to date with the value of your investment.

Results and Presentations

Our latest results and presentations, available in PDF format as well as webcast video and audio.

Dividends

Information on our historic dividends, a calendar for future payments and a tool to analyse values.

Share Price and Calculators

Information on our share price and a range of tools help to chart and analyse movements.

Regulatory News

Copies of any company announcements to the London Stock Exchange's Regulated News Service.

Key Dates

Upcoming dates in the Company's financial calendar.

Research

The latest research articles and publications on Smiths News PLC.

The investor zone also includes details of our registrar and information on the market consensus of our expected key performance metrics.

Enquiries

For any specific enquiries concerning Investor Relations, please email:

→ investor.relations@smithsnews.co.uk

As a consequence of the refinancing, we have revised our capital allocation policy to better support our objectives and, in particular, the balancing of the needs of all stakeholders.

The combination of our previously announced intention to invest an additional £6.0m over the next three years in the business's systems and technology and our facilities, together with an additional payment of a special dividend, is a clear example of our commitment to providing attractive cash returns while meeting the ongoing needs of the business.

In writing this overview of our year, I'm conscious that it's not possible to list every element of the incremental and strategic headway which we have made, let alone the commitment involved in delivering the day-to-day service that is the hallmark of our business. In that respect, the scope and detail within the body of this Annual Report is one of the clearest demonstrations of the efforts of our colleagues to drive improvement. In seeking to do their best every day they continue to make progress in areas such as sustainability, people and talent, cyber security, health & safety and several more that I could list. As always, their experience and expertise are the vital catalyst in the advances we make and the opportunities we find for the future.

Looking ahead, it will be clear that we are now embarking on a new strategic phase. The core challenges remain, but our ability to meet these has been demonstrated and the financial foundations on which we can build outward from the core are stronger than ever. As we accelerate our pursuit of new revenues, we can be sure that the skills, competencies and culture that have brought us to where we are today, are equally compatible with those we need for the future.

Finally, I would like to thank my colleagues on the Board and Executive Team for their support and constructive feedback in the year. In January 2025, following our AGM, Denise Collis will step down from the Board after nine years of service; we will miss her contribution and wise counsel. As we move forward as a Board, it is vital that we maintain the combination of teamwork and challenge that has served us well during my tenure, striving always to find the improvements – small and large – that make the difference for all our stakeholders. With this assured, I am excited for the year ahead and confident of reporting on further success.



David Blackwood
Chairman

4 November 2024

Adjusted Operating Profit

£39.1m

2024

£39.1m

2023

£38.8m

Adjusted Profit after Tax

£24.7m

2024

£24.7m

2023

£25.6m

Statutory Profit after Tax

£25.5m

2024

£25.5m

2023

£25.1m

Free Cash Flow

£7.3m

2024

£7.3m

2023

£21.8m

Average Net Debt

£11.7m

2024

£11.7m

2023

£25.0m

Bank Net Debt

£11.0m

2024

£11.0m

2023

£4.2m

KPIs

Measuring our performance.

Meeting stakeholder needs

When measuring our performance, we take a holistic approach to meeting the needs of our stakeholders. Indeed, we believe their expectations are united in a virtuous circle of service excellence, consistent and reliable results, investment that supports future opportunity and support for our people who are essential to everything we achieve. This means we set targets that focus on both our immediate and ongoing requirements in the core, while also striving for challenging goals that will bolster our longer-term prospects.

Service excellence

Service and efficiency are critical components of success, not only in meeting the requirements of our customers, but more widely in supporting our supplier contracts and reputation as industry leader. Strong service KPIs also help to control costs by avoiding unnecessary duplication.

Consistent and reliable results

From a financial perspective, we seek to maintain a strong balancing sheet, with a transparent capital allocation policy that provides attractive returns to our shareholders while simultaneously meeting the investment needs of the business.

Investing for the future

Our business model has a strong cash conversion profile, which we allocate across the needs of all stakeholders, including investment in the core news wholesaling business, and new adjacent opportunities that fit our skills and capabilities. Our focus on organic growth recognises that, over time, we can further strengthen our business model with more diversified revenue streams.

People

Supporting our people in their skills and careers is fundamental to our success. Across our supply chains we work with clients and customers to make progress in areas such as sustainability, health & safety and industry-wide solutions that are appropriate for a shared route to market.

Key Performance Indicators

Our KPIs encompass the most critical measures of the Company's success and future prospects. In pursuing them we believe they meet the needs of all stakeholders, balancing attractive financial returns with investment in the business and its people.

The financial KPIs reflect our goal of maintaining strong underlying finances, including a prudent approach to debt and the payment of attractive dividends subject to performance and in line with our capital allocation policy.

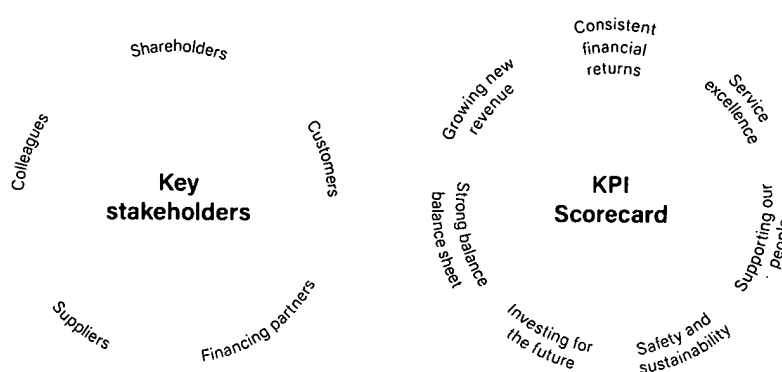
Non-financial KPIs reflect the key performance measures of our service to customers and industry partners. In addition, we include measures that give attention and visibility to workplace safety, colleague engagement and customer satisfaction.

An analysis of the Company's financial and non-financial performance, including discussion and explanations of year-on-year movements, can be found in the various sections of Strategic Report on pages 1 to 71.

Our non-financial metrics continue to perform at an exceptionally high overall standard, and comfortably within our contractual requirements. This year, delivery and collection times have been marginally impacted by the rescheduling of some publisher arrival times and consequent changes to route configurations, also impacting customer satisfaction. The movements in the measures for health and Safety are within the statistical tolerances we would expect from year to year, while the colleague satisfaction measure is new and not comparable to previous measures. As regards Greenhouse Gas Emissions, we have now established mid-term targets in line with a 55% reduction in emissions over a 10 year period to 2033, with progress having been made in the year in reducing site gas emissions as part of our depot refurbishment programme. However, Scope 3 SECR emission have increased in the year due to increased mileage and a higher Defra-applied calculation rate.

Nonetheless, we continue to work to improve absolute performance in all areas, while still seeking new and sustainable cost efficiencies in our operation. Further details of these measures and actions we are taking can be found in the CEO report (see page 18) and the Sustainability report (see page 34).

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Non-financial KPIs

Customer Pack Accuracy %

99.7%

Target	98.0%
FY2024	99.7%
FY2023	99.7%
FY2022	99.7%
FY2021	99.7%
FY2020	99.3%

Pack accuracy ensures customer supplies and invoicing are aligned, minimising queries and administrative corrections.

Required Delivery Time %

92.4%

Target	90.0%
FY2024	92.4%
FY2023	93.3%
FY2022	92.4%
FY2021	95.1%
FY2020	96.8%

Arrival at the scheduled time is a key service measure for customers and publishers and aligns to our contractual obligations.

Returns Collections %

96.3%

Target	98.0%
FY2024	96.3%
FY2023	96.9%
FY2022	97.3%
FY2021	98.4%
FY2020	98.2%

Daily returns collections ensure that sales data (supplies minus returns) is processed within tight time windows, supporting sales forecasting and accurate invoicing.

Returns Processing Accuracy %

99.95%

Target	99.5%
FY2024	99.95%
FY2023	99.95%
FY2022	99.96%
FY2021	99.9%
FY2020	99.9%

Unsold copies are credited to customers, so accuracy is vital for credits and invoicing to both retailers and publishers.

Health and Safety (Lost time incidents per 100k hours) No.

0.38

Target	N/A
FY2024	0.38
FY2023	0.33
FY2022	0.25
FY2021	0.32
FY2020	N/A

We measure 'lost time incidents' as the most comprehensive and accurate capture of reportable occurrences that impact our operations. By measuring these as a percentage of operating hours, we can benchmark to other organisations and allow for growth or contraction of our activities.

Health and Safety (RIDDORs) No.

5

Target	N/A
FY2024	5
FY2023	4
FY2022	2
FY2021	11
FY2020	7

We monitor RIDDORs to learn from every major incident, ensuring we take action to reduce the possibility of recurrence.

Colleague Engagement (Net promoter score) *

62%

Target	62%
FY2024	62%
FY2023	7.1
FY2022	7.0
FY2021	7.0
FY2020	6.0

Working productively together is central to our values. The engagement of colleagues underpins our performance at every level of the business. In FY2024, the Company appointed a new partner to conduct engagement surveys which has necessitated adopting a new rating mechanism and target. Furthermore, during the year two surveys were conducted: one in October 2023 (score 57) and in the second in April 2024 (score 66), resulting in an average score for the year of 62, establishing a new benchmark target in which to assess future performance.

Customer Satisfaction (Net promoter score)

25

Target	25
FY2024	25
FY2023	28.1
FY2022	27
FY2021	28
FY2020	N/A

Surveying a statistically representative selection of 300 customers every month, we track our service performance across a range of factors to ensure quality, accuracy and timeliness of deliveries. The net promoter score is an annual average of the overall headline indicator.

Greenhouse Gas Emissions

+2%

Target	4.96%
FY2024	+2%
FY2023	N/A
FY2022	N/A
FY2021	N/A
FY2020	N/A

As part of our sustainability strategy, we have committed to a science-based target reduction in total equivalent greenhouse gas emissions within Scopes 1, 2 and (classes 1, 4 and 6 of) Scope 3 of 4.96% per year, representing an overall reduction of 55% by the end of FY2033. Further details can be found in the TCFD report on page 34. This was introduced as a new KPI at the beginning of FY2024 given our TCFD commitments and targets, noting that it similarly represents a performance measure within our in-flight LTIP awards. Further details can also be found in the Directors' Remuneration report on page 98.

* In FY2024 the Company will be appointing a new partner to conduct the colleague engagement survey; appropriate targets will be set during the course of the year in the light of lessons learned from its implementation. Further details can be found in the People report on page 24.

KPIs continued

Financial KPIs

Total Statutory Revenue

£1,103.7m

FY2024	£1,103.7m
FY2023	£1,091.9m
FY2022	£1,089.3m
FY2021	£1,109.6m
FY2020	£1,164.5m

Statutory revenue measures the extent to which core sales and other revenues are within our planning assumptions and longer-term strategic forecasts.

Adjusted Operating Profit

£39.1m

FY2024	£39.1m
FY2023	£38.8m
FY2022	£38.1m
FY2021	£39.6m
FY2020	£35.1m

Adjusted operating profit is defined as operating profit from continuing operations, excluding the impact of adjusting items (defined above). This is the headline measure of the Company's performance and is the key management incentive metric.

Adjusted Profit after Tax

£24.7m

FY2024	£24.7m
FY2023	£25.6m
FY2022	£25.7m
FY2021	£26.3m
FY2020	£23.7m

Adjusted profit before tax measures the profitability of the Company, excluding significant and non-recurring one-off costs, including those not related to the Company's ordinary activities.

Statutory Profit after Tax

£25.5m

FY2024	£25.5m
FY2023	£25.1m
FY2022	£23.4m
FY2021	£26.3m
FY2020	£12.0m

Statutory profit before tax measures the absolute profitability of continuing operations after any disposals.

Statutory earnings per Share

10.6p

FY2024	10.6p
FY2023	10.6p
FY2022	9.8p
FY2021	10.8p
FY2020	4.9p

Earnings per share measures the profit per share of the Company and is used by investors when comparing performance to other similar businesses.

Adjusted Earnings per Share

10.3p

FY2024	10.3p
FY2023	10.8p
FY2022	10.8p
FY2021	10.8p
FY2020	9.7p

Adjusted earnings per share measures the profit per share of the Company, excluding the same adjusted items as in Adjusted Profit Before Tax.

Free Cash Flow

£7.3m

FY2024	£7.3m
FY2023	£21.8m
FY2022	£48.2m
FY2021	£24.0m
FY2020	£10.9m

Free cash flow measures the cash available to the business, which can be used for investments, dividends and the reduction of debt.

Average Bank Net Debt

£11.7m

FY2024	£11.7m
FY2023	£25.0m
FY2022	£49.9m
FY2021	£82.6m
FY2020	£98.8m

Average Bank Net Debt impacts the level of interest we pay and is the measure which most accurately reflects the ongoing borrowing of the Company as it removes the potentially misrepresentative influence of period end variations caused by publisher and retailer payment schedules.

Bank Net Debt

£11.0m

FY2024	£11.0m
FY2023	£4.2m
FY2022	£14.2m
FY2021	£53.2m
FY2020	£79.7m

Bank Net Debt impacts the level of interest we pay and is a covenant measure of our financing agreements.

Dividend per Share**7.15p**

FY2024	7.15p
FY2023	4.15p
FY2022	4.15p
FY2021	1.5p
FY2020	Nil

Dividend per share measures the profit per share of the Company and is used by investors when comparing performance to other similar businesses.

Profit from growth of new revenue initiatives**£2.0m**

FY2024	£2.0m
FY2023	£0.7m
FY2022	N/A
FY2021	N/A
FY2020	N/A

In recognition of the increasing strategic imperative to diversify and explore new revenue opportunities within our core markets and other adjacent categories, a new financial KPI is being introduced from FY2024 to represent the profit generated from growth of new revenue initiatives. This measure has also been introduced within our in-flight LTIP awards, further details of which can be found in the Directors' Remuneration report on page 98.

The financial KPIs are discussed in further detail in the Financial Review on page 60.

CEO's report

Our vision is to consolidate our position as one of the UK's leading providers of early morning, end to end, supply chain solutions.

Jonathan Bunting
Chief Executive Officer

Another year of progress

For the last five years I've been delighted to report on the continuing good performance of our business, combining a steady improvement to our underlying finances alongside investment that has facilitated opportunities for adjacent growth. This year continues the positive trend, with results that again surpass market expectations and strategic momentum which embeds our progress and secures our core business for the foreseeable future.

The highlights of the year are testament to the balance we have struck between short- and longer-term goals. Our key financial measures of profit, cash and dividends are all positive and ahead of expectations; our new financing arrangements confirm our commitment to low debt and attractive dividends; our major contracts are agreed through to at least 2029; and we have growing new profit streams that leverage our competencies and competitive advantage. All this speaks to the discipline and focus which we have maintained in our operations and our plans for future growth.

As always, our results are made possible by the coordinated efforts of our people and our industry partners. I want, therefore, to first pay tribute to their essential roles, not only in the year, but in the transformation of our longer-term prospects. Indeed, the broader conversations I have had with colleagues, customers and suppliers throughout these last 12 months have reinforced to me, the critical importance of involving all our stakeholders in shaping our future.

Vision and Purpose

This is why I believe that refreshing our vision and purpose statements is a vital step in guiding the strategic choices that will doubtless determine our progress over the next five years. Elsewhere in this report, we have described these statements in detail, but it's worth expanding a little on the underlying convictions that have shaped them.

Our vision statement seeks to encompass our leadership in news distribution but not restrict our ambition to these traditional core markets. In doing so, it recognises that we are already a leading early morning distributor; indeed, some might argue we are 'the' leading provider, for no other logistics partner reaches as many retail customers in such tight time windows every day. But our vision also speaks to the value adding services and solutions we bring to both customers and suppliers. Critically, it indicates that these competencies are as applicable to other established and new emerging markets, as they are to newspapers and magazines.

Meanwhile our purpose statement, in describing why we exist, highlights the tangible benefits we bring to our chosen supply chains. I believe it is vital, when looking at future opportunities, that we stay true to this philosophy of making a difference to our customers' profitability and operating models. We need to provide them not only with great service, but solutions that make their lives easier, helping them to satisfy their customer needs and meet the requirements of new and ever-changing legislation.

Perhaps most importantly, underlying both statements is the belief that we have the capability to grow 'from' our core rather than needing to diversify in its crudest sense. We already have the infrastructure, skills and competencies to prosper in new markets. Our challenge is to choose the right ones and build scale that amplifies our abilities and advantage. This 'from the inside-out' approach resonates with our commitment to funding investment without undue risk to the attractive cash returns that shareholders have come to expect from our ongoing business model.

As always, our results are made possible by the coordinated efforts of our people and our industry partners. The growth of our new profit streams is pleasing, but we are ambitious and confident that more can be achieved.

Efficiency and investment

When leading a business with such an established model, it is sometimes all too easy to take ongoing achievements for granted. This year we have made over 8.3 million daily deliveries, and much the same number for collections and reprocessing of returns. It is a huge challenge that requires coordination, skill and no small amount of graft every day of the year.

Yet in meeting it, the operations and central teams have once again fulfilled the most demanding of service standards while securing cost savings of £5.6m that have helped to offset the impacts of falling volumes and inflationary pressures. Efficiency gains remain a central plank of our strategy and we will continue to review our network and routing on an ongoing basis.

Indeed, this is why we are making an investment of £6.0m over the next three years in the business's systems and technology and our facilities. The technology programme includes new warehouse management and transport management systems, customer-facing software and improvements to our data storage. These upgrades will enhance our capabilities not only in wholesaling newspapers and magazines but also in pursuing new profit streams in our targeted markets.

Pursuit of new revenues

The growth of our new profit streams is pleasing, but we are ambitious and confident that more can be achieved.

To date, we have focused on trialling and testing a broad range of possibilities – and, as should be expected, some paths have proved more successful than others. Along the way, we have learned a great deal about the avenues which best fit our skills and operating model. This means we now better evaluate which opportunities will make a welcome but ultimately limited contribution, and those with the potential to justify greater investment.

The growth of Smiths News Recycle is the leading example of this careful and customer-focused approach.

Having learned what works and what is valued we can now more confidently target our expansion plans. We can also be more certain that the investments we are making will improve both the efficiency and attractiveness of our offer. Furthermore, we have confirmed by evidence and experience, that recycling and reverse logistics are large and growing markets in which we have the potential to operate at greater scale.

Looking ahead, we will continue to evaluate opportunities that diversify our revenues, but without risk to our contracted responsibilities. Our goal, over time, is to establish a range of products and services that complement the news wholesaling business and are consistent with the ambitions set out in our vision and purpose.

Thanking our people and partners

Every year, in leading the business, one of my most engaging tasks is listening to the suggestions and occasional concerns of colleagues. Invariably, it is a constructive learning process that confirms the depth of experience and commitment that we rely on every day.

Our industry partners play a vital role too. Their productive engagement, in both long-term change and short-term challenge, speaks to the trust and maturity of our commercial relationships.

And so, in closing, I'd like to thank once again our people, partners, and indeed all our stakeholders, for their contributions to our success. With their continued support, I'm looking forward to another successful year ahead.



4 November 2024

Vision, Purpose and Capabilities

→ Our Vision

To consolidate our position as one of the UK's leading providers of early morning end to end supply chain solutions.

→ Our Purpose

Making our customers' lives easier and more profitable. We provide supply chain solutions that enable them focus on what they do best.

→ Our Capabilities

Proven expertise in warehousing, reverse logistics and early morning final mile services across our extensive high-density UK delivery network.

Celebrating success

News wholesaling

A robust performance across our profit, sales, service and efficiency measures

New profit streams

Growing contribution to £2.0m p.a.

Refinancing

Reducing interest costs and increasing flexibility for both investment and investor returns

Contract awards

All our key publisher agreements secured to at least 2029

Growing investor returns

Total annual dividend of 5.1p (up 23%) and a further special dividend of 2.0p

Strong balance sheet

Average Bank Net Debt reduced to £11.7m (down 53%)

People

Improved engagement scores with investment in talent, diversity and facilities

CEO's Stakeholder Q & A

Our conversations with stakeholders played a central role in our refreshing our vision and purpose statements.

As CEO of Smiths News, talking to our stakeholders is one of my top priorities. And it's interesting that the questions I'm most often asked are very similar, whether they be from colleagues, customers or investors.

In many ways, this helps to confirm that there's no major conflict in their aspirations and expectations – and that by balancing our financial and strategic goals we are following a path that meets the needs of all parties.

Set out below are some of the most frequent questions and topics of discussion.

Cost savings

Can we continue to make cost savings of circa £5m each year?

Our track record of making sustainable efficiencies suggests that we can continue to adapt proactively to the structural decline of newspaper and magazine volumes. In securing cost savings, it helps that sales trends are typically gradual and that we have long-term certainty of our network footprint.

Fixed annual targets are not always compatible with meeting our service KPIs so while we always remain focused, we do need to be flexible in our approach. In doing so, and by working across the supply chain, I'm confident that we can continue to make substantial savings over the lifetime of our contracts.

Our conversations with stakeholders played a central role in our refreshing our vision and purpose statements.

Growth

Which areas do you think growth will come from and why?

We plan to focus our growth strategy on early morning and adjacent markets in which our existing capabilities will make a difference to customers and support a sustainable competitive advantage. We believe there are a range of opportunities to build from within, in tandem with making investments and acquisitions to build scale. While we remain open to a range of possibilities, there are some broad categories worth highlighting.

Early morning distribution: the demand for early morning delivery is growing and meeting it requires particular skills, many of which we already possess.

Reverse logistics: as Smiths News Recycle has demonstrated, managing the complexities of reverse logistics fits neatly with our profile and capabilities.

New categories

Reaching approximately 22,400 customers every day there is an opportunity to add adjacent products to our daily deliveries. Our category management and just-in-time abilities, together with integrated invoicing also means we can provide simple end-to-end solutions for our largest retailers.

Investment

What investment will be needed to ensure we are equipped to succeed?

As with any scale business there is an ongoing requirement to keep the basic building blocks of our offer up to date. This includes areas such as network infrastructure, health and safety, sustainability, and people.

In addition, we are making an investment of £6.0m over the next three years in the business's systems and technology and our facilities. This will maintain our industry leadership and ensure we can continue adding value to customers and suppliers in line with our vision and purpose. Importantly, it will also facilitate the efficiency gains we need to make on an ongoing basis.

But it's slightly misleading to see these investments as being purely for our news wholesaling operation. The combination of refreshed infrastructure and new systems will enhance our capabilities in adjacent markets too, as well supporting our ambition to provide end to end solutions across our chosen supply chains.

By balancing our financial and strategic goals we are meeting the needs of all our stakeholders.

Attractive returns

What clarity can you give investors on your plans for future dividends, and potentially other ways to return cash or influence attractive shareholder returns?

The reduction in our debt, and the renewal of our banking facilities, has allowed us to review and refresh our capital allocation policy this year. Our overall objective remains unchanged in seeking to meet the long-term needs of all stakeholders.

This means we will continue to balance investment in the business with a prudent approach to debt and a commitment to the attractive cash returns that our shareholders expect from our business model. Should there be excess funds, beyond the cover we deem appropriate, and the investment needs of the business, then we would look to make distributions to shareholders and will consider the most appropriate way to do this at the time.

This year's special dividend of 2.0p is an example of our commitment to maintaining these strong returns, subject always to the necessary caveats of meeting performance expectations and reasonable assumptions on future market conditions.

People

What plans do we have to attract, retain and reward talented people?

As a large employer, we offer extensive support and career opportunities for colleagues, from warehouse apprenticeships to professional qualifications and senior management development. Our growth plans will also create new career pathways, that we believe will excite and motivate many of our people. In some cases, we will doubtless need to recruit new skills and experience, strengthening our overall capabilities in tandem with our ambition.

One of our virtues is our inclusive culture that supports the career progression of everyone with the ambition and ability to take on more responsibility. Indeed, we know it's a key reason that colleagues stay with us and something new starters comment on early in their tenure. We're rightly proud of our people and will continue to invest to support them, ensuring they share in the opportunities for growth and success.

Supporting customers

How can you help retailers with sales, profitability and ease of doing business?

We recognise that it's important to work across the supply chain to further improve the profitability of what remains a complex category to manage in-store. As digital expands, we must focus on making it even easier for our retailers to sell traditional printed products. By making the process simple, we optimise sales, reduce labour costs, and improve the overall profit contribution of the category.

Initiatives such as Smiths News Recycle can help too, making it easy for small and medium sized customers to manage waste that is otherwise time consuming and demanding of storage space.

Supply chain efficiency

Can we shape and influence greater efficiency across the news supply chain?

As the key consolidator of the industry supply chain we have a unique role to play in facilitating efficiencies for all stakeholders. This year for example, we worked with several of the major publishers to review the trunking and arrival times across our entire network, reducing the potential for costly re-runs due to misaligned timings. With 55% market share we are equally important to critical targets such as sales forecasting, sustainability and returns processing accuracy.

Stakeholder engagement and S172 Statement

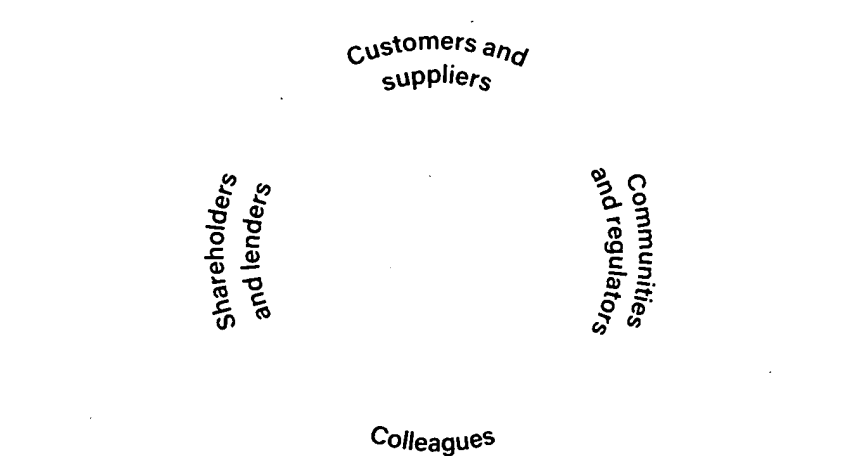
Delivering for all our stakeholders.

This section of the Strategic Report, and the pages to which it refers, comprise the Company's section 172(1) statement and explain how the directors have engaged with our stakeholders during the year and how the Board has had regard to the outcomes of these engagements when making significant decisions as well as developing future strategies, policies and performance measures.

When making decisions for the Company we understand the need to consider the views of relevant and impacted parties, and that it may be necessary to take account of differing views and balance these across any competing interests. The Board strives to balance competing interests in a fair and transparent manner in the best interests of the Company as a whole, having regard for the realisation that conflicting positions may exist between the long-term and short-term good of the Company, between shareholders and colleagues or even between groups of shareholders with different investment criteria and agendas.

This requires the Board to balance any competing interests and to take account of the various views when making decisions, while remaining mindful of the need; at all times, to ensure the long-term sustainable success of the Company and to generate value for shareholders, while contributing to wider society. The Board considers both existing and emerging risks associated with each stakeholder group as part of the risk management process (see Risk Management report on pages 66 to 71). The engagement with stakeholders, including the methods used, decisions taken, impact on our business as well as how the Board has exercised its oversight are summarised in this report.

Who are our Stakeholders?



Shareholders and lenders

62.9% of our issued shares are held by ten shareholders, with just over 41% held by our largest four investors. Our banking agreements are held with a syndicate of two lenders.

Customers and suppliers

Our suppliers are made up of the national publishers/distributors in the United Kingdom as well as a significant proportion of regional publishers across our territories through long-term contracts.

Customers include approximately 22,400 news outlets, ranging from large supermarkets to high street retailers and independent stores.

Our business model incorporates c.680 self-employed distribution subcontractors who are engaged to provide services to support our operations and deliver daily to our customers.

In addition to our newspaper and magazine publisher suppliers, we have a further network of suppliers who provide assorted goods and services to the Company.

Communities and regulators

We provide availability of newspapers and magazines to thousands of local communities across the UK, representing a 55% market share.

We support the print sector through its NewstrAID charity. Smiths News also remains the anchor sponsor of 'Pass It On', the registered charity first started by the Company in 2017 which helps to address the issues and challenges of homelessness within the UK.

We engage with various regulatory bodies across the supply chain to ensure we comply with our regulatory and legislative obligations.

Colleagues

We have over 1,400 colleagues operating from sites in England and Wales. In addition, we have c.150 outsourced colleagues based at two sites in Noida and Pune (India) providing staffing at the Shared Service Centre (SSC).

Section 172 Duties of the Board

Various means of engagement are conducted with stakeholders by both the Board and the Executive Team, with the outcomes discussed together, ensuring a common understanding of the feedback received and the position of all stakeholders. The focus of these engagements is directed to those stakeholders potentially impacted by impending decisions of the Board, with all Directors displaying an unwavering commitment to their primary duty to act in good faith and in a way which is likely to promote the success of the Company and is to the benefit of its members as a whole.

The Board takes responsibility for the long-term success of the Company which includes determining, promoting and monitoring the Company's culture, values and strategy, as well as seeking to ensure that by discharging this responsibility all stakeholders are impacted positively. The Board has determined as significant those issues relating to strategy, transformation, restructuring, corporate development and capital allocation, each of which thereby warrant specific consideration. That said, the Board remains cognisant of the fact that other issues may be considered as equal priorities by key stakeholder groups and therefore these other areas so identified from time to time may equally be included in the Board's deliberations and decision-making processes.

Information is received by the Board through a number of engagement processes, thus enabling the Board to determine relevant issues which may arise from our key stakeholders. In the following pages we have set out in detail in respect of each stakeholder group both the methods of engagement as well as those parties responsible for the engagement process, with the Board continuing to monitor the progress made in response to stakeholder input and to review the engagement mechanisms to ensure they remain relevant and deliver the desired outcomes.

Capital allocation policy

Our capital allocation policy aims to provide clarity on the allocation of available capital to fund investment in the business alongside the payment of dividends or other distributions to shareholders.

The overarching objective of our policy is to ensure we meet the needs of all stakeholders, which we believe is best achieved by:

- Maintaining a strong balance sheet with a Bank Net Debt: adjusted EBITDA ratio of less than 1.0x
- Continued investment in both news and magazines business and organic growth
- Payment of sustainable ordinary dividend, maintaining 2x dividend cover
- Disciplined approach to inorganic growth, focused on bolt-on acquisitions with clear accretive returns to enhance shareholder value
- Further returns to shareholders when appropriate

More information on our policies and all the latest announcements of interest to shareholders can be found on the investor section of our website at

→ www.smithsnews.co.uk/investor-zone/

Stakeholder engagement and S172 Statement continued

Shareholders and Lenders

Engagement

- One-on-one engagements with our largest institutional shareholders.
- Virtual investor briefings to retail shareholders (e.g. Investor Meet webinars).
- Ad hoc meetings with new shareholders, non-holders and existing shareholders, representing in excess of 50% of our issued share capital.
- Ahead of our AGM, we regularly engage with proxy advisory voting agencies (such as ISS, IVIS and PIRC) and some of our larger institutional investors regarding their respective voting intentions/ recommendations on resolutions being put forward at the forthcoming AGM and any synopsis of the Company's disclosures in the prior period Annual Report.
- The AGM itself also facilitates one-on-one engagement with investors, facilitating a formal Q&A session together with an opportunity for informal discussions with the Board, both before and after the AGM.
- Business performance updates to the syndicate of lenders ensured confidence and financial stability in ongoing business delivery and improving balance sheet strength.
- Discussions initiated in Q2 FY2024 regarding new refinancing terms led to the successful refinancing with two of the Company's lending syndicate (Santander and HSBC).

Information provided to Board

- Board members participated in engagements and shared feedback with members who did not attend in person.
- Investor relations reports and roadshow feedback.
- Proxy ratings and reports (ISS, IVIS and PIRC).
- Reports on specific engagements:
 - Financial stability and investment returns
 - Long-term sustainability
 - Corporate responsibility
 - Capital Allocation Policy considerations, including DPS, EPS and TSR performance metrics
 - Ongoing investment and capital expenditure planning
 - Free cash flow and Bank net debt analysis.

Who engaged?

Shareholder engagements continue to be a shared responsibility across all Directors of the Board, supported by specialist consultants, a review of which led to the appointment of new communication consultants in the year to support management with a range of corporate communication services.

The refinancing team was made up of internal colleagues supported by external legal advice as required.

The Company's engagement with our largest institutional shareholders and virtual investor briefings to retail shareholders helped to define the Company's new Capital Allocation Policy and to promote a healthy understanding of what metrics and developments are of most importance to these stakeholders. In particular, it has helped to secure stakeholder views on the Company's growth and diversification strategy, with particular regard to inorganic bolt-on growth opportunities and the scale of investment in both core business and organic growth.

Engagement Highlights

Refinancing

Completed in May 2024 and new Capital Allocation Policy announced.

New Committee

Establishment of stand-alone Board Sustainability Committee.

Feedback

Shareholders were keen to understand anticipated new growth streams alongside the recycling reverse logistics operation (growth vs income stock) as well as current business performance and outlook following publication of our preliminary financial results in November 2023 and interim financial results in May 2024.

Several questions related to the refinancing completed in May 2024 including its impact on capital allocation.

There were strong levels of support for the Company adopting a Board sub-committee dedicated to ESG related matters in order to improve transparency and accountability in this area.

Decision

→ The Board determined that most shareholders supported the growth strategy comprising both organic and inorganic growth, with a focus on possible bolt-on acquisitions where they represent clear accretive returns to enhance shareholder value.

→ The refinancing was completed in May 2024 with two of the Company's lending syndicate (Santander and HSBC), comprising a £40m revolving credit facility with an additional £10m uncommitted accordion facility, available initially on a three-year term at an improved competitive margin of 2.45% per annum over SONIA (a 155bps improvement from the previous agreement) and with the option at each of the first and second anniversaries to extend maturity on the same financial terms, with lender consent, upon new three-year maturity periods. Importantly, the revised terms removed the cap on dividends and distributions and facilitated the Board being able to endorse a new Capital Allocation Policy. This policy was defined to a large extent by the outcome of these engagements and promoted a healthy understanding of what metrics and initiatives are considered of most importance to shareholders.

→ In January 2024, the Board approved a mandate to establish a Sustainability Committee delegated by the Board and, accordingly, for its terms of reference to be agreed and published in short order. The Sustainability Committee has since met quarterly to review key focus areas, action insights and recommendations, and KPI performance levels.

Link to Strategy

→ Taking into account the views of shareholders enables us to promote a stable long-term investor base as well as attracting new investors to the register. It aligns the Company with investors whose expectations are supported by our growth and diversification strategy.

→ The successful refinancing and approval of our new Capital Allocation Policy supports the Board's mandate to advocate a strong balance sheet, payment of sustainable ordinary dividends (maintaining 2x dividend cover), continued investment in the core business as well as both organic and inorganic growth initiatives.

→ These engagements facilitated the Company developing a better understanding of areas of interest (e.g. ESG and diversity-related matters) to the proxy advisory voting agencies and our larger institutional investors, each of which supported our Sustainability strategy.

Stakeholder engagement and S172 Statement continued

Colleagues

Engagement

Board members undertook two separate night visits at our Worcester and Hemel Hempstead depots, as well as two specialist 'breakfast briefing' sessions which provided an opportunity outside of the formal meeting environment for the Board to 'walk the floor' and meet colleagues, review operational processes and better understand the issues and challenges with some of the business' operational processes e.g. SN Recycle volumes and the issue of recyclate contamination. This subsequently led to a discreet workstream with consultants who were engaged to help review the process map of recycle activities within our hubs and to recommend process improvements and efficiencies.

- Colleague surveys and questionnaires - please see details of surveys undertaken and outcomes in the Sustainability report on page 34.
- Colleague engagement forums, National Engagement Forum and designated workforce engagement director.
- Specialist Colleague Consultation Forums, representing a standing team of 12 colleagues from across the business and trained by ACAS, to provide a platform for formal consultation in discussions around significant business change or material changes proposed in relation to employee benefits.
- Remuneration engagement by the Chair of the Remuneration Committee.
- Networking groups.
- Communications via the Company's intranet, inviting feedback and dialogue. In the year, over 648,000 visits were made by colleagues to our Company intranet (SmithsZone), representing a 30% increase on FY2023.
- Town Hall meetings - including three recorded videos of key messages to colleagues, focusing on key business themes to showcase the business, generating enhanced engagement and presenting an opportunity for Q&As.
- Training opportunities.
- Our colleague newsletter 'Our News' in physical and electronic format.

Information provided to Board

- Colleague engagement survey results with commentary on specific outcomes.
- Colleague engagement forum views and outputs reported back to the Board by the designated workforce engagement director, both in formal reports and verbally.
- Verbal feedback on the outcome of the Remuneration Committee Chair's engagement.
- Various network update reports (please see the Sustainability report on page 34).
- Training reports (please see the Sustainability report on page 34).

Who engaged?

All Board members participated in the two separate night visits as well as the two 'breakfast briefing' sessions (topics included business updates from each of the Commercial Team and People Services).

Michael Holt (as the Board's designated workforce engagement director) met quarterly with the National Engagement Forum to ensure colleagues are given a voice in respect of matters material to our people and to share business updates and gain colleague feedback and insight. In addition, informal site engagement discussions were held, either in person or remotely. Separately, the Remuneration Committee Chair engaged with colleagues specifically in relation to highlighting Directors' remuneration in a listed-plc environment and related governance matters.

Our all-colleague Town Hall meetings are recorded and produced quarterly and further supported in person by members of the Executive Team at each of our largest sites to help ensure that colleagues are able to build a rapport with senior leaders and can freely feel able to engage in two-way dialogue, with their questions being answered in real time.

Why this engagement is important to our business

Enables the Board and the Executive Team to meet directly with colleagues and to explain important aspects of the business and those decisions which may impact colleagues, whilst also providing an opportunity to receive feedback, answer questions and understand what is important to our colleagues.

Engagement Highlights

Development and roll out of a new vision and purpose statement.

Further network groups established.

Leadership development programme.

Network and distribution centre rationalisation undertaken in consultation with colleagues, resulting in closure of our Reading and Taunton depots.

Feedback

The October 2023 colleague engagement survey identified three areas where actions would support an increase in colleague engagement levels, encompassing the Company's future growth strategy and diversification ambitions, its vision and purpose, and the development of career opportunities for all colleagues.

Utilisation of the data available to drive change in specific areas and the success of our 'Women in News' networking group supported the establishment of further network groups.

The Commercial and People Services breakfast briefings to the Board facilitated a review of operational processes and an increased understanding of the issues and challenges faced daily by our colleagues with respect to some of our Growth initiatives e.g. SN Recycle volumes and contamination.

Colleagues value development opportunities.

Decision

→ Development and roll out of a new vision and purpose statement and communications, increased sharing of information around both our growth ambitions and successes with our growth agenda and greater visibility of development opportunities within the business.

→ A further two network groups have been established supporting colleagues with disabilities and mental health and caring responsibilities. Successes have included the introduction of an enhanced maternity policy, a new managers and colleague menopause guide, a carers' policy (including five paid days for foster parent training activity) and a review of support for workplace adjustments.

→ This subsequently led to a discreet workstream with engaged consultants to review the process map of recycle activities in our hubs and to recommend process improvements and efficiencies which are now the subject of ongoing implementation at trial.

→ 5 active apprenticeship programmes in progress, across areas such as Marketing, Payroll and Operational Management. Leadership development continues to be a focus with our third cohort of leaders starting our 12-month leadership development programme built around a suite of blended learning solutions.

Link to Strategy

→ Through our surveys we encourage colleagues to share their needs and articulate how we can best support them, thus maintaining an engaged workforce where colleagues can experience real opportunities for development and a long and rewarding career. Enhanced visibility and understanding of both the Company's vision and purpose.

→ Supports an inclusive culture which demonstrates our Company values and where colleagues feel acknowledged and respected.

→ Growth and Diversification strategy strengthened.

→ Our strategic goals can only be achieved through a talented and motivated workforce.

Stakeholder engagement and S172 Statement continued

Customers and Suppliers (inclusive of the largest publishers, retail customers and suppliers)

Engagement

- Monthly Customer Satisfaction Surveys (250) for both Independent and Multiple Retailers.
- C.61,000 Customer Service calls per month to resolve customer queries and promote SNapp self-service.
- Annual survey and quarterly director review meetings with publishers.
- Retail Director Quarterly Review Meetings.
- Periodic engagements with Suppliers, with prioritisation based on contract type and spend.
- New Company Facebook page, driving more of our Growth initiatives directly to our retailers as well as promoting 'job of the week' for the recruitment team.
- The Fed – making use of our relationship with industry association 'The Fed', increasing Smiths News' branding and goodwill in the industry through advertisements and engagement opportunities.
- Lord Mayor's Parade – 11 colleagues attended the November 2023 parade through Greater London as part of the Lord Mayor's parade, promoting the Smiths News brand.

Information provided to Board

- Operational reports are submitted to the Board monthly showing performance against KPIs (including customer satisfaction score).

Who engaged?

Customer service team, Procurement team, account managers and executive management.

Why this engagement is important to our business

Enabled us to obtain feedback on the standard of service delivered to our customers and identify opportunities to improve the service.

Encouraged the use of our dedicated self-help app (SNapp) and reduced the volume of paper-based content being sent to retailers in favour of electronic versions, thus reducing cost and supporting our sustainability agenda.

Maintaining a positive relationship across our supply chain supports the stability of our business and underpins value, while allowing us to ensure that we work with our suppliers in a mutually beneficial manner.

Engagement Highlights

Successfully secured 91% of our contracted publisher revenues through to 2029 (this includes the signing of a Head of Terms for a new five-year commercial agreement with Reach plc, which commenced in October 2024, subject to contract).

Closer working relationship with Publishers to develop a strategy for the collective reduction of Scope 3 emissions.

Development of growth and diversification strategy, with the introduction of new suppliers and customers.

Feedback

Satisfaction with and increase in the volume of customers using SNapp.



Decision

Progressed with new developments in the self-help app (SNapp) to support our paperless ambition and reduce the amount of paper being printed across the depots for onward distribution to retailers.



Link to Strategy

Supports a sustainability strategy as well as non-financial KPIs.

Engagement with all our major retail customers, newspaper publishers and magazines distributors twice yearly on our sustainability agendas as well as with the PPA and NPA (industry forums) around sustainability-measures led to feedback that more information sharing around emissions would assist all parties to drive the reduction of Scope 3 emissions.



Closer working relationship and sharing of Scope 3 emissions data and strategy to collectively reduce our footprint on the environment.



Supports Sustainability agenda.

Follow up reviews with suppliers after tender processes has indicated that they value feedback received regardless of whether they are successful in the tender process.



Procurement team will look to continue and enhance the feedback process, including to unsuccessful bidders, so as to build and maintain relationships with a view to be the company of choice to work with in the future and to provide a positive experience even if the tender was unsuccessful.



This supports our approach of building a diverse and inclusive supply chain base and to ensure we receive value for money.

NewstrAID

Helping our industry colleagues.

As one of the longest standing businesses in the UK news industry we're proud to actively support its leading charity NewstrAID. The charity (first established in 1839) offers crucial welfare support for individuals who are or have been employed in the selling and distribution of newspapers and magazines and who find themselves facing financial and emotional hardship.

Every year, NewstrAID provides regular assistance to individuals in hardship whose circumstances are unlikely to improve, (such as the elderly or those unable to work due to long-term disability) and one off Samaritan grants for those facing unexpected temporary hardship, such as short term care expenses. In addition, the charity provides a comprehensive mental health wellbeing programme with support from trained psychotherapists and counsellors.

In supporting the charity, we encourage colleagues to become actively involved and have volunteers on the several regional committees. Activities range from fundraising to community liaison and welfare visits. Furthermore, and crucial to NewstrAID's fundraising, we facilitate and administer the payments for its supporter lottery which last year raised over £1m. The Company made an additional £10,000 contribution in corporate sponsorship.

This year, one of our most active volunteers, was recognised with the charity's 'Service Excellence Award'. Lidia Popa from our Birmingham distribution centre has been instrumental in raising awareness of the support NewstrAid provides, ensuring that all colleagues, regardless of their primary language, understand the services available to them. Her dedication has materially increased the visibility to the charity's work within our teams.

Stakeholder engagement and S172 Statement continued

Community and regulators

Engagement

- Monthly Customer Satisfaction Surveys (250) Individual colleague engagements with charities of choice under the umbrella of our 'We Care' charity and community network group, which coordinates CSR charity and community activities.
- Colleague participation in Pass It On.
- NewstrAID promotion and funding.

Information provided to Board

Regular community engagement updates are provided to the Sustainability Committee and the Board.

Who engaged?

Various colleagues at individual charity level and Pass It On as well as Company representative to NewstrAID.

Why this engagement is important to our business

Helps the Company to have a positive impact on its local communities by supporting charities and community groups, drives usage of our colleague 'volunteer day' benefit and manages charitable requests.

Engagement Highlights

Revised Sustainability KPIs.

Volunteering and charity networking group established.

Pass It On continues to support homelessness, with Smiths News as anchor supporter.

Feedback

Positive feedback on value of Volunteering Policy.

Transparency required for charitable giving.

Decision

Formalisation of policy and update of the way in which volunteer days are reflected and recorded in payment processes.

Terms of reference approved for establishment of the 'We Care' network group including finance and budgetary controls and guidelines for charitable awards and support for colleague initiatives.

Link to Strategy

This supports our sustainability strategy and framework (Community pillar) and our company ethics.

This supports our sustainability strategy and framework (Community pillar) and our Company ethics.

Designated Workforce Engagement Director and National Colleague Engagement Forum

The Board continues to assess its approach to engagement within the workplace, mindful of the UK Corporate Governance Code measures. To facilitate this process, the Board has designated a non-executive director with specific responsibility for workforce engagement. The role is a critical link in our communication and feedback chain and is currently held by Michael Holt, whose deep experience in the distribution and logistics sector is especially relevant to this engagement. The Board remains of the opinion that the designated non-executive director with specific responsibility for workforce engagement remains the most effective means of colleague engagement at the Company.

Michael has held the position since its inception in 2019, working closely with our People team and the National Colleague Engagement Forum, which is a representative group from across the business. He reports on his interactions, raising issues and conveying the breadth and strength of views to the Board.

The formal remit of the designated Workforce Engagement Director includes:

- Gathering the opinions of a broad cross section of our workforce
- Seeking to understand the concerns and views of our workforce and articulating these to the Board
- Ensuring that appropriate steps are taken to consider the impact of proposals and developments on our workforce
- Where appropriate and relevant, providing operational and commercial updates and feedback from the Board to our workforce.

The nature of the engagements and outcomes are summarised below:

- The National Colleague Engagement forum continues to be held on a quarterly basis with a blend of physical and virtual meetings. The structure of the forum is designed to have representatives from each department in the business who bring items from their teams that could be of national interest and which may not be able to be resolved at local forum meetings.

- The meeting remains largely a top down, information sharing approach with issues and questions raised by the colleagues at the end of the meeting. The forum was last refreshed two years ago and in this time some of our representatives have stood down / resigned from the business and the structure of the business has also undergone several changes. As a consequence of this, it has been decided to again refresh the Forum by providing additional training to our current and potentially new representatives and to promote and encourage awareness of the Forum through our all-colleague Town Hall meetings.

The following subjects were discussed at meetings:

- Depot refurbishment update
- Business Update – Half year and full year
- What Matters Survey
- Benefits Survey
- EveryoneIN – Network Groups

Pass It On

Making a difference to those in need.

Smiths News is proud to sponsor Pass It On, a charity that provides tangible assistance for homeless people in cities across the UK. Now in its eighth year, Pass It On began life as in-house initiative, and with our support it has grown to become an independent entity. We continue to provide, resources, logistics, warehousing, colleague volunteering, and fundraising support.

"Pass It On is on all about providing tangible support that goes directly to those in need," explained Jonathan Bunting, CEO of Smiths News and trustee of the charity. "The crisis of homelessness in the UK is complex, with many organisations playing vital roles in, for example, campaigning or providing mental health services. We aim to complement that good work by addressing some of the immediate needs of living on the streets, primarily by distributing care packages that include items such as sleeping bags, toiletries or sunscreen."

Colleagues across Smiths News are inspired and motivated by the hands-on aspect of Pass It On, adds Jonathan. "I've no doubt that our company-wide engagement stems from the fact that we visit these city streets every day and see first-hand the scale of the problem."

This year Pass It On visited Manchester, London, Birmingham, Liverpool, Newcastle and Wolverhampton. It was the charity's most comprehensive and impactful year so far, distributing clothing, sanitary product and sleeping bags to over 600 homeless people on each of our four seasonal campaigns.

Looking ahead, we are already working with Pass It On to coordinate its next winter care pack distribution. Together we plan for it to be even more impactful, helping the charity to grow and make an even bigger difference to the those living in challenging circumstances.

Sustainability Committee

Paul Baker
*Chief Financial Officer and
 Sustainability Committee Chair*

Chairman's introduction

The Company has continued to develop its Sustainability agenda throughout FY2024, including the decision to create a stand-alone Board sub-committee dedicated to Sustainability, of which I have been appointed chairman. The Committee sat for the first time in April 2024 and will have regular meetings every quarter.

The engagement at Board level has been supportive and fulsome, with the formation of the sub-committee further enabling the Board to ensure strategic decisions are taken with knowledge of the associated sustainability impact.

As part of this process the Board has undertaken training sessions to better understand the complexities of sustainability, not least of which has been associated with the technicalities of both emissions data and the complex and developing reporting requirements. To assist me in my role as chairman of the Committee I have completed a seven-week, part time specialist training course (ESG and Sustainable Financial Strategy at the University of Oxford Said Business School) which reinforced some of the grounding principles that we touch upon in our discussions.

I am pleased to report that FY2024 has seen a reduction in our Scope 1 and 2 emissions (Scope 1 FY2023: 1,554.9 tCO₂e vs FY2024: 1,358.8 tCO₂e (13% reduction) and Scope 2 FY2023: 854.10 tCO₂e vs FY2024: 813.4 tCO₂e (5% reduction)), which is primarily driven by our move to electric energy sources. We have transitioned our depots from gas to renewable electricity, given that the purchase of 'green gas' was not considered to be economical for our business. Our depot refurbishment roll out has taken our environmental impact into consideration at every point and this approach is also to be applied to the imminent refit at our head office in Swindon. Other key areas of progress in the year have included the reduction in our IT data centre utilisation (which has saved energy) as well as the conversion of our in-house motor fleet (which now includes 96% hybrid vehicles).

The transition of forklift trucks used in our depots from diesel to electric is well underway, with the goal to be fully electric by 2026. To understand what it will take to enable us to reach a point where our sites are considered to be net zero we undertook an exercise with a third party and had an in-depth report completed on our Birmingham depot. This was a very insightful exercise for us as we now better understand what 'net zero' looks like for our business and it has also highlighted areas we could take to reduce emissions and these are now being evaluated and will be deployed across our network as part of our transitional planning.

During FY2024 we also spent some considerable time and effort further understanding our sustainability reporting data. As a consequence, we have realised that to ensure that we are able to produce reliable data on a consistent and timely basis we will need to refine both our processes and systems. In FY2025, we will therefore continue with an in-depth analysis of our underlying processes and data interrogation, acknowledging that the work done during FY2024 has highlighted some shortcomings which will need to be further investigated and remediated. What is clear for our business, is that our emissions are driven by 'miles on the road' which is itself expected to be impacted by our cost containment initiatives and growth strategies. For example, the closure of depots as part of our cost-out programme, while making economic sense, can increase overall emissions with the impact of increased mileage travelled by our sub-contractor drivers being greater than the reduction in site emissions.

Partly as a consequence of this in-depth analysis of our data, but also because as a business we have moved on from the starting point at which we first developed our Sustainability strategy and framework, we have reviewed our metrics and targets for FY2025. This exercise has also been informed by developments within the regulatory frameworks, not least the TCFD and forthcoming Transition Planning Disclosures, each introduced or amended since we developed our framework back in FY2022.

Composition and attendance¹

Members throughout the year	Committee member since	Meeting attendance
Paul Baker – Chair	23 April 2024	2/2
David Blackwood	23 April 2024	2/2
Jonathan Bunting	23 April 2024	2/2
Denise Collis	23 April 2024	2/2
Michael Holt	23 April 2024	2/2
Deborah Rabey	23 April 2024	2/2
Mark Whiteling	23 April 2024	2/2

¹ The maximum number of meetings held during the year that each director could attend is shown next to the number attended. The Committee was formed in 2024 and met twice during the year, with all Committee members attending all meetings.

The publication of the IFRS-S1 and S2 reporting standards, while not yet adopted in the UK, are likely to inform the UK Sustainability Reporting Standards (SRS) as well as the wider Sustainability Reporting Framework (SDR) anticipated to be introduced by the FCA in the near future and thus, as part of our forward-looking planning, we have considered the SASB reporting standards specific to our business. We have also sought to understand the external reporting requirements of the various rating agencies that provide ESG scoring of corporates and the impact that these scores may have on our business. The outcome of this review has been that, whilst, we have maintained our five Sustainability pillars, we have agreed revised KPIs and metrics that are more transparent, easily understandable, auditable and better comparable. More detail about the pillars, metrics and targets can be found in our Sustainability report on page 34.

This year has also seen us working with our supply chain partners to improve our collective understanding of our Scope 3 emissions in an endeavour to align our approach with that of the newspaper and magazine publishers which are, of course, the largest contributors of emissions within our supply chain, to ensure that together we can reduce output emission levels. We undertook a number of engagements with publishers and industry bodies to better understand external requirements for the delivery of Sustainability reporting across the News & Magazine supply chain as well as to communicate our strategy and performance. I am happy to report that this has led to a positive dialogue and enhanced understanding of our respective positions, with a commitment to build on this step in the FY2025 period. In addition, the magazine publishers have launched 'PPA: Action Net Zero Pathway', focusing on the reduction of Scope 1 and 2 emissions, supply chain transparency and demonstrating solutions to external partners and consumers, including a commitment to providing data to support our own Scope 3 reporting.

We continue to track both the participation rate and scores resulting from our colleague engagement surveys and we continue to act on comments and feedback received.

Further details on this can be found in our Stakeholder Engagement report as well as in the body of this report below. The issue of Board diversity is covered in some detail in the Corporate Governance report on page 72.

Finally, our contribution to our broader communities remains important to us and I am pleased to report that this year we have made good progress with the 'We Care' network group, the development of our volunteer programme, charitable funding and the support for community causes. Once again, more information in this regard can be found in the body of this Sustainability report.

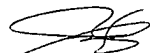
During 2025 we will make further progress on our transition planning alongside delivering against our KPIs and medium-term Science Based Targets. I look forward to reporting on these next year.

Activity in FY2024

The Committee was established in April 2024 with the objective being to oversee the Company's Environmental, Social and Governance strategy and to monitor progress against our sustainability key performance indicators. The detailed roles and responsibilities of the Committee can be found in the Terms of Reference which are published on our website.

Approval

This report was approved by the Sustainability Committee and signed on its behalf by:



Paul Baker
Sustainability Committee Chair
4 November 2024

Key matters addressed by the Committee**April 2024**

- Establishment of Committee, approval of terms of reference for recommendation to the Board and confirmation of workplan
- Sustainability pillars progress report against targets and consideration of action plans to achieve targets for the balance of the year
- Review of how a sustainability-led culture is embedded across our business
- Consideration of the reliability of data and how this is shared consistently both internally and externally

July 2024

- Review of metrics and targets for FY2025
- Consideration of engagement with publishers to align on Scope 3 emissions data and reporting requirements

Sustainability Report

Our strategic pillars drive our actions and commitment to prosperity, humanity and the planet.

Our Sustainability Strategy

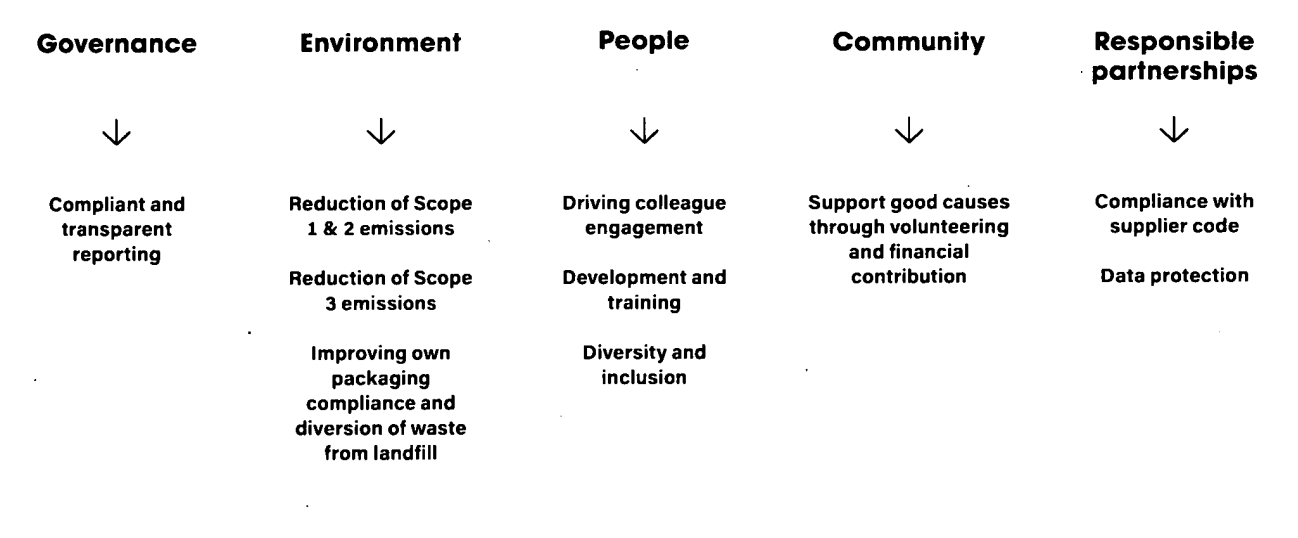
In 2021, we established our sustainability strategy, conducting a materiality assessment that pinpointed five strategic pillars to guide our actions, enabling effective resource allocation, targeted initiatives, and systematic progress monitoring within each area.

These strategic pillars directly address 11 of the 17 United Nations Sustainable Development Goals, reinforcing our commitment to fostering enduring prosperity for both humanity and the planet. Each pillar is managed by a member of the Sustainability Steering Committee (please see the Corporate Governance report page 72) for further information), who is responsible for developing specific objectives and KPIs that are cascaded to operational teams to drive progress in the respective area.

In FY2024, in light of the significant regulatory changes on the horizon and using the lessons we have learnt over the past two years, we reviewed and updated our sustainability strategy.

Our pillars remain the same, but we have revised the metrics we use to track performance across each pillar, streamlining them from 18 to 10 honed metrics to make them smarter - improving clarity, measurability, and auditability. This is key to ensuring further alignment to the requirements of IFRS.

Our Sustainability Pillars



Our Sustainability Strategy

Objective:

Compliant and transparent reporting

Mitigation of emissions through an overall reduction in energy consumption coupled with a transition to renewable energy and the management of waste.

Supporting colleagues by driving engagement, development & training and diversity & inclusion.

Contribute to the communities in which we operate through both charitable donations and colleague-led volunteering and community engagement.

Responsible partnerships through ethical sourcing, a sustainable supply chain and secure data management.

KPIs:

1. Increase external rating measured against London Stock Exchange score (FY23: 86%)

2. Reduction of emissions: Scope 1 & 2: an absolute reduction of 55% by 2033

3. Reduction of emissions: Scope 3 (categories 1, 4 & 6): an absolute reduction of 55% by 2033

4. Understand scope to improve own packaging compliance (based on regulatory packaging data) with 100% diversion of waste from landfill

5. Engagement - Maintain strong participation rate of above 75% for each engagement survey and drive engagement through improvement in colleague engagement score by 1 - 3% over next 12 months

6. Development and Training - Support a skilled workforce through increase access to development opportunities, with a year-on-year increase in the % colleagues accessing e-learning non-mandatory courses and demonstrate a skilled workforce through mandatory certification above 95% for non-PC users and 98% for PC users

7. Diversity & Inclusion - Support a diverse and inclusive workforce by achieving a 30% increase in the number of colleagues from minority groups recruited into Leadership positions over the next 5 years

8. Support good causes through YoY increase in volunteer days and activities and financial contributions to charities

9. 95% of non-trade suppliers that go through the procurement process, to be registered with our supplier management portal and signed up with our Supplier Code

10. Protection of data with 98% of PC user colleagues with current certification security/data protection awareness supported by two anti-phishing campaigns within the year

Related risks:

⑧

⑤ ⑥ ⑧

④

② ⑥

① ③ ⑤ ⑦

Risks:

① Cyber security

② Macroeconomic uncertainty

③ Changes to retailer's commercial environment

④ Acquisition and retention of labour

⑤ Growth initiatives

⑥ Sustainability & climate change

⑦ Major newspaper titles exit the market or move to digital only editions

⑧ Legal and regulatory compliance

Sustainability Report continued

Governance

Effective governance is dependent on accurate data. At Smiths News this remains paramount, and continual improvements are sought in the way that we collect, analyse and present such data. This year we have refreshed our risk management approach to cover not only climate-related risks, as we are required to do in line with TCFD reporting, but also risks across all our sustainability pillars. Further detail can be found in the risk section below. Going forward, we will continue to prioritise our 'People and Environment' workstreams, as we believe they best reflect the areas where we can have the most impact for the greater good.

In FY2024, to further embed management of sustainability within the business we established a stand-alone Sustainability Committee in support of our commitment to our sustainability agenda and to ensure we meet the highest expectations for governance and compliance.

People

The expertise and skills of our colleagues are integral to the execution of our business strategy. We prioritise cultivating a safe, supportive, and collaborative work environment, underpinned by six core values. These values have been carefully selected for their tangible impact on our daily work experiences and are designed to serve as practical guiding principles, shaping our approach and reinforcing our long-term vision. Our values enable us to sustain an inclusive work culture that values individuals for their unique qualities and contributions, not just the work they do.

Diversity & Inclusion

Embracing diversity is key to staying competitive in today's global marketplace. Having a diverse workforce brings various benefits, such as a wider range of perspectives and ideas, increased innovation and creativity, better problem-solving, improved decision-making, and a more inclusive work environment.

Governance – Compliant and transparent reporting

KPI:1

Ambition	Measure/KPI	Progress
Compliant and transparent reporting	London Stock Exchange Group Governance score of > 85%	82%

Effective oversight of sustainability has seen us move from a dedicated sustainability report in Board meetings to the formation of the Sustainability Committee which supports the Board to ensure oversight of the Company's Environmental, Social and Governance strategy while monitoring progress against key performance indicators.

The Committee has approved terms of reference and has met twice during the year following its establishment in April 2024. For more information pertaining to the governance of our wider sustainability approach please see the Corporate Governance Report on page 72, or for specific climate governance please see the Climate Governance section below.

We recognise that good governance means being transparent with our stakeholders. Considering this, we have established a KPI to improve our external disclosure rating from the London Stock Exchange Group, as seen in the table to the right.

We consider ratings from different agencies and proxy voting opinions, acknowledging the use of various elements and metrics for scoring. We have chosen to use the Refinitive Score LSE software as our performance measure. This doesn't mean it is the only correct methodology, but we find it to be an objective and practical target with clear metrics for guiding our progress.

People – Diversity and inclusion

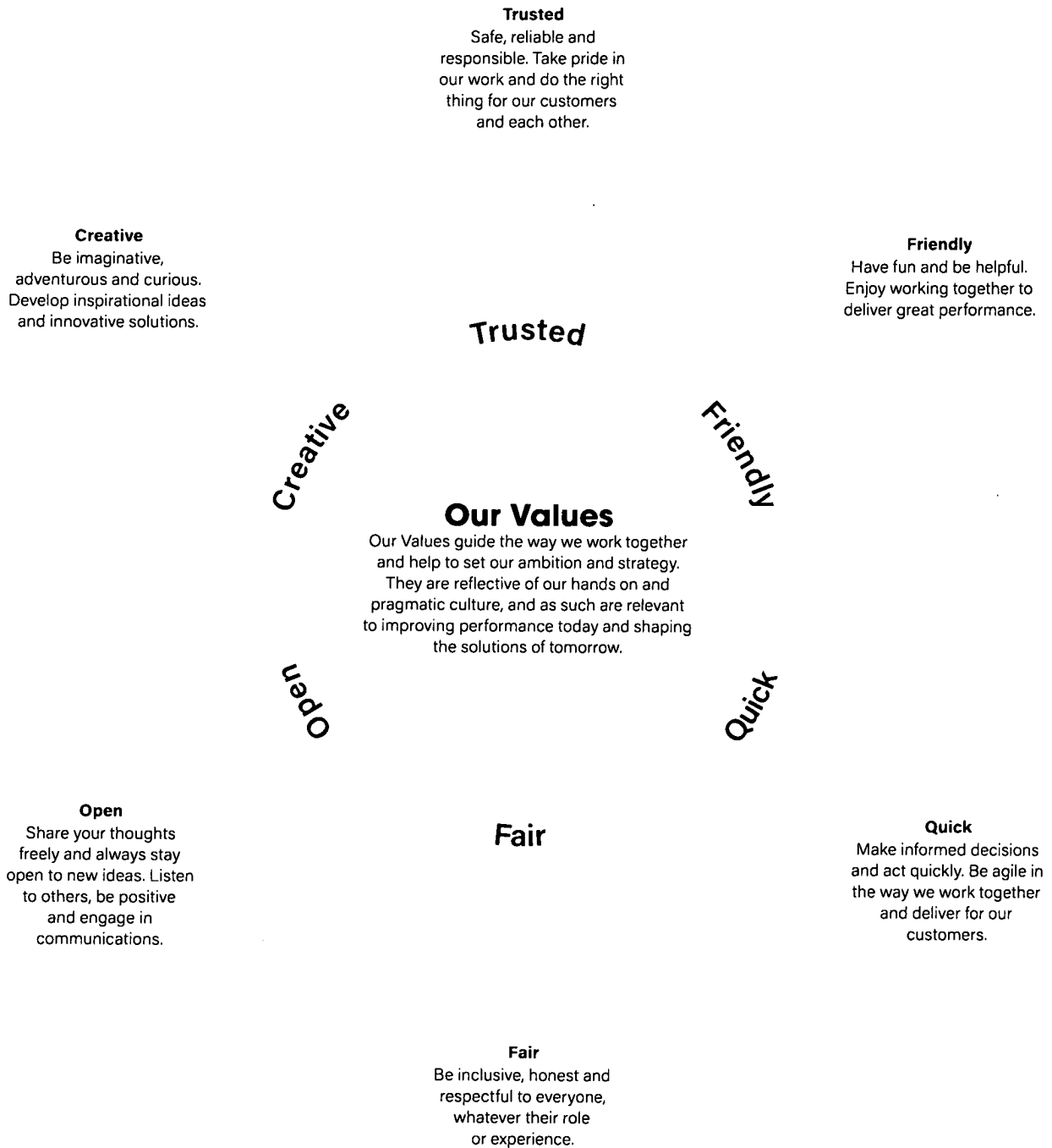
KPI:7

Ambition	Measure/KPI	Progress
Support a diverse and inclusive workforce	30% increase in the number of colleagues from minority group recruited into Leadership positions over the next 5 years (FY2021–2026)	Gender 22% vs Target 43% (36% achieved against 5-year baseline Target) Ethnicity – 11% vs Target of 10% (11% achieved against 5-year baseline Target)

In support of this we have set a target to increase the proportion of leadership from ethnic minority backgrounds. Our D&I data-gathering exercise indicates that within our business diversity decreases with seniority, so we believe that it is important that the targets we set ourselves are specific to the leadership group rather than the whole organisation.

We are also focused on the development of a future talent pipeline, with 33% of the current Executive Team being female.

Please refer to our Corporate Governance and Nominations Committee reports on pages 72 and 94 respectively for more information of diversity at a Board level. In this regard, the Board acknowledges that, despite our best endeavours, we still fall some way short of the set targets under UKLR:6.6.6R(9) and considers it to be unlikely for the Board to be able to meet these targets in the short to medium term.



Sustainability Report continued

Supporting diversity

We know that strict adherence to the UK Christian Calendar and cultural norms might deter certain demographics from joining or feeling at home in our business. That's why we've developed policies that allow us to accommodate differing religious beliefs by adjusting shift and break times (for example, during Ramadan) and ensuring the provision of multifaith spaces in our recent depot refurbishments. Our flexible bank holiday scheme also means colleagues swap statutory holidays for days that fit better with their faiths and communities. Overall, we try to accommodate all reasonable requests to support the diversity of cultures that reflects our business today.

Gender composition and pay gap reporting

The Company is dedicated to achieving gender equality in the workplace and is actively working to improve the gender balance over time. In a broader sense, we aim to create a work environment that offers fair compensation to all employees and ensures that each colleague has access to personal development opportunities, along with the necessary support to advance their careers. The gender composition as of 31 August 2024, and the equivalent data for the prior year can be seen in the table on the right.

Gender pay gap data* is communicated and made fully accessible to colleagues and other stakeholders, including publication on the relevant Government websites. The Company will update its gender pay gap report in due course, in line with the required reporting timetable and no later than 4 April each year – details will be published on the Company's website at → www.smithsnews.co.uk/investor-zone/. Our previous year (2023) detailed report is available to view and download on the Company's website at → [Smiths News gender pay gap 2023.pdf](#)

Gender composition: 31 August 2024 Headcount

Gender	Male	%	Female	%	Total
All employees	832	59.9	556	40.06	1,388
Board of Directors	5	71	2	29	7
Executive Team	4	57	3	43	7
Executive Team and other Senior Managers	16	73	6	27	22

Gender composition: 26 August 2023 Headcount

Gender	Male	%	Female	%	Total
All employees	882	59	607	41	1,489
Board of Directors	5	71	2	29	7
Executive Team	4	57	3	43	7
Executive Team and other Senior Managers	15	71	6	29	21

* Calculated on the defined snapshot: date of 5 April 2022 and published before 4 April 2023 as required by Government reporting rules.

How we are supporting our people

We are committed to advancing a robust inclusion strategy grounded in data, colleague representation, and education, bolstered by the dedicated efforts of our Inclusion Manager. As part of our unwavering focus on inclusion and diversity, we strive to ensure that every colleague feels valued within Smiths News. This year, we successfully expanded and integrated our networking groups, culminating in the launch of our Mind Matters network group and Pride in News network. Concurrently, we have actively pursued inclusive accreditation opportunities, such as fostering-friendly initiatives. Recognising the importance of understanding the demographics of our workforce, we have driven awareness campaigns to encourage colleagues to disclose demographic information. In line with this, we have initiated a comprehensive review of our Diversity and Inclusion (D&I) data, with a proposal to refresh this by FY2025, ensuring its relevance and depth for meaningful analysis and actionable insights. To bolster our data collection processes, we are implementing a voluntary, self-reporting mechanism for new colleagues to provide information on ethnic origin, nationality, sexuality, religion, disability considerations, and gender identity. Moreover, we are actively promoting the completion of personal and sensitive data by existing colleagues within our People IT platform. This additional insight is important for us when we are considering the suitability of our engagement topics and channels, the fairness of promotion opportunities and identification of potential ethnicity and gender pay gaps. We continue to audit this data, focusing on the accuracy of data and statistics, current status and observations, key findings and recommendations.

Our 'EveryoneIn' programme, which includes multiple national initiatives and promotes awareness through a set calendar of D&I events (e.g. National Inclusion Week, Black History Month, Pride, Ramadan, etc.), has been refreshed with a new structure. This includes increased organisational representation and a formalised approach, enabling improved cross-network links and collaborative working initiatives. We remain committed to fostering an inclusive culture, with various D&I groups involving our colleagues to ensure ongoing education and information on a wide range of topics, such as mental health, inclusive leadership, and awareness campaigns throughout the year. We now have 43 network members (excluding our Executive Team members) across a number of Groups.

Network groups	
Group Name	Discussions and Achievements
Women in News (WIN) Date of establishment: March 2023 Number of formal meetings 18	- Gender, flexibility and parity are embraced and championed, and everyone has equal access to all opportunities. - Embedding of maternity and menopause support/awareness. - Free period products introduced at all sites. - Ongoing awareness and comms, including International Women's Day and guest speakers.
Minds Matter Date of establishment: November 2023 Number of formal meetings 8	- Male suicide awareness video for International Men's Day. - Providing feedback and guidance to absence project and reasonable adjustments reviews. - Supporting with investigation into quality of service provided by Health Assured, including through conducting test calls. - Ongoing awareness and comms, linking in with Mental Health Awareness, such as stress awareness month and mental health awareness week. - See Health & Safety section for more details, page 43.
Beyond Barriers Date of establishment: December 2023 Number of formal meetings 9	- Introduction of new carers policy and support. - Fostering Friendly accreditation with The Fostering Network, including five days paid leave for all foster carers. - Carers week and wider comms/awareness pieces. - Neurodiversity celebration week.
Pride News Network Date of establishment: May 2024 Number of formal meetings 8	- Launch of new network, with colleague competition to name (29 suggestions). - PRIDE comms and activities, including chat mats, quiz and local celebrations.
Other Date of establishment: N/A Number of formal meetings N/A	- Broader inclusion and colleague sharing: - Colleagues coming forward to proactively share their stories and raise awareness, for instance with men's health, coeliac disease, and orthodox Christian celebrations.

Sustainability Report continued

Workplace responsibility, whistleblowing and human rights

The Company is committed to responsible practice throughout the workplace, striving to ensure a culture that is free from discrimination and harassment in any form. The Board regularly reviews these issues, ensuring the actions and policies described in this report are applied in practice and that this ambition is deeply embedded in the culture of the business.

In support of this, we work to embed a culture and environment in which workplace concerns can be raised and addressed without fear of recrimination. We have an independent whistleblowing process including a hotline and reporting processes, which now includes a reporting facility with multiple language capability that is available 24 hours a day, 7 days a week. This confidential hotline enables colleagues to anonymously report any suspected incidences of fraud, bribery, modern slavery or non-compliance with Company policies, practices, or breaches of law. All such incidences are assessed and categorised according to severity and risk by the People Services team and an investigating manager appointed, with the findings reported to the Audit Committee on completion of the investigation. This approach is integral to our policies and procedures, further supported by training for managers and a zero-tolerance approach to serious breaches. Regular reviews ensure that updates are made in response to business initiatives and legislation; any significant changes are noted and discussed with the Executive Team and the Board. Separately, Health & Safety performance is reviewed regularly by the Board and the Executive Team throughout the year.

The Audit Committee received quarterly reports on incidences of whistleblowing or other malpractices reported across the business. A total of seven incidences (down from eight in the previous year) arose in the reporting period, but no such instances were material or of significance to the Company.

Overall, these risk management processes each aid and improve the identification of, and mitigating actions to prevent and report, incidences of suspected fraud, tax evasion, data breaches, bribery, modern slavery or other forms of malpractice. See the Corporate Governance report on page 72 for further details.

The Company supports the human rights of our colleagues, and our policies are built on a commitment of mutual respect, fairness, and integrity. We provide proper and flexible consideration for individuals with disabilities, and if an employee develops a disability while working for the Company, every effort is made to sustain their employment and offer retraining for alternative roles if necessary.

In relation to our markets, we have policies for ethical trading standards and a commitment to combatting modern slavery, which we expect our commercial partners to adhere to. We remain vigilant in our efforts to combat modern slavery and human trafficking, regularly reviewing the effectiveness of our procedures in the areas we consider to be of greatest risk, including employee recruitment; contractor appointment and management; procurement; and outsourcing. Furthermore, we seek to raise awareness of anti-slavery and human trafficking through communication of our policies and guidelines. The Company's Anti-Slavery and Human Trafficking Statement (September 2024) is available online → www.smithsnews.co.uk/wp-content/uploads/Modern_Slavery_Sep_2024_for_FY25.pdf

Commitment to communication

The strategic and operational choices we make have an impact across the Company, influencing the functions and accountabilities of our colleagues. We believe that well-informed decision-making necessitates seeking input and feedback from our colleagues regarding how strategic initiatives, policies, and procedural adjustments can influence the efficiency of operational roles, as well as ensuring the work environment we create is open and allows for feedback.

We use several mechanisms internally to engage and communicate with our colleagues which are set out in detail in our Stakeholder Engagement report on page 22.

Each year we undertake several formal engagement initiatives that provide insight into the Company performance, risks and policies, as well as allowing us to gauge our drivers of performance and our colleague's alignment to our values, goals and culture. To support our activities in this area we have developed KPIs that focus on employee engagement.

In the last 12 months we launched a new engagement survey platform, Culture Amp, which provides enhanced reporting features, greater consultancy support and cost savings. The October 2023 survey saw a 79% participation rate and we received over 2,000 comments. The April 2024 survey saw an increase to an 88% participation rate, again with over 2,000 comments received. The results showed a +14% points for the vision and purpose section following a communications programme around the Company's vision and purpose. Following the October 2023 survey, management acted on comments indicating that more follow through was required leading to more frequent updates from management through Town Hall meetings (3 per annum), SmithsZone (Intranet) and Our News (internal publication) as well as more robust local and organisational action planning using Culture Amp tools. This delivered a +13% points improvement in the April 2024 survey in the category 'belief action will be taken from the survey'. During the year we also undertook the first colleague survey for our ancillary business Instore and introduced new starter and exit surveys across all of Smiths News.

Please see the Stakeholder Engagement report on page 22 for more information relating to our colleague engagements undertaken during FY2024.

Whistleblowing

	Reports received	Reports investigated and closed	Outstanding investigations
FY2024	7	7	0
FY2023	8	8	0
FY2022	5	5	0

Maintaining & retaining our talent (Training and Development)

As a business we understand the importance of retaining and developing our colleagues' skills and knowledge to ensure we are equipped to flourish. In providing relevant and accessible training and development interventions, we are committed to investing in personal and professional development, helping to increase job satisfaction, and reduce employee turnover.

Development & Training KPIs

We have continued to deliver blended training solutions (combining face-to-face and online learning) across the business which has included a review of our e-learning self-service content.

We are particularly proud of our Trusted Leadership programme which saw 13 colleagues from across all areas of the business complete the programme in March 2024 with a further 26 colleagues currently in the programme. As a direct result six colleagues have received promotions over the course of the programmes, with two colleagues enrolled onto Leadership apprenticeships as an aspirational add-on to the programme.

Our apprenticeship training has also progressed well with five apprentices in learning, one graduated apprentice with a merit and 10 internal support sessions for apprentices delivered. During Apprenticeship week we held several drop-in sessions and made available various resources and materials.

We take a targeted approach to our sustainability training, focusing on specific roles responsible for ownership and delivery of our decarbonisation workstreams. At the Board and Leadership level, we engage external experts to conduct targeted training sessions on ESG topics, such as emissions calculations, regulations, climate risk identification and management, as well as the implications and importance of science-based targets for net-zero transition. Our Chief Financial Officer, who chairs our Sustainability Committee, completed Oxford University's ESG and Sustainable Financial Strategy Leadership training to further integrate sustainability knowledge within the business and its processes. Within management and operational functions, we provide upskilling to roles that are integral to achieving our reduction strategy.

Trusted Leadership

Working together to improve skills and share perspectives

Trusted Leadership is our bespoke programme for aspiring managers in the business. It focuses on not only skills we can learn in the classroom, but on applying them in the workplace. Using a blended approach, it takes these skills from theory to practice, giving them relevance in their practical environment.

And one of its signature strengths is the mutual encouragement of colleagues who participate. As a cross functional programme, Trusted Leadership brings together diverse roles and experiences from across the business, encouraging knowledge sharing and collaboration with sessions that are open and supportive – founded on the belief that different perspectives each have value.

The workshops and expert-led sessions cover a range of topics such as motivation, development, inclusion, recruitment, well-being, project management and much more. To support these, we use creative and inspiring teaching techniques to bring a different dimension and help link the learning into practical situations.

The most rewarding aspects of my involvement was engaging with colleagues, understanding their journeys, and supporting each other.

Our first cohort was so popular and successful that we quickly followed up with a second intake, and a third programme will be underway soon. It's all part of our commitment to developing skills and ensuring supportive career paths for those with the ambition and talent to progress.

The programme has not just helped me be better at my job, it has also given me greater confidence outside of work too.

Ambition	Measure/KPI	Progress
Supporting colleagues by driving engagement, development & training, and diversity & inclusion	Participation rate and overall score: participation rate >75% for each engagement survey	Participation rate: 88%
	Improved colleague engagement score of 1-3% over next the 18 months	9%-point increase from October 2023 to April 2024
People – Development and Training		KPI:6
Ambition	Measure/KPI	Progress
Support a skilled workforce through increased access to development opportunities	Year on year % increase of colleagues accessing e-learning non-mandatory courses	12%-point increase
Demonstrate a skilled workforce through mandatory certification	% of colleagues who have achieved mandatory certification: above 90% for non-PC users and 98% for PC users.	Non-PC users: 97.1%
		PC Users: 98.2%

Sustainability Report continued

Fair pay and financial support

We recently conducted our first benefits survey, with a participation rate of 57% and 669 comments received. We have initiated a review of the survey data and anticipate compiling a comprehensive report and action plan during FY2025. This year, our benefits roadshows focused on Financial Fitness, providing education to colleagues on maximizing their income through our benefits. We conducted sessions at the three distribution hubs and held calls with various teams, providing a reference video for colleagues. Additionally, we introduced new benefits, including Charles Cameron's free mortgage advice line, the launch of The Wisdom Health App, and expanded benefits through Health Shield (Skin Vision & MyGymDiscounts).

During the COVID-19 pandemic we introduced our health cash plan which has proved to be a popular benefit for our colleagues, enabling them to receive money back for expenditure on health-related items such as prescriptions, dental and optical and wellbeing services. The benefit is provided free of charge to all colleagues and their children under 18.

Our analysis has shown a 34% increase in individual claimants of this benefit between FY2022 and FY2023 with a 33% increase in the value of claims with those using the benefit also utilising more of the claimable elements e.g. dental, optical, physiotherapy, prescription charges etc. In addition, we continued to support colleagues in need with the colleague support fund throughout FY2024.

ESG metrics are included within the personal objectives of the executive directors and therefore impact bonus payments. The Directors' Remuneration Policy (approved by shareholders at the 2023 AGM) makes explicit reference to the inclusion of ESG metrics as an executive performance measure within the LTIP scheme which is included in the FY2024-26 LTIP and FY2025-27 awards. In addition, the Remuneration Committee has continued its focus on the fairness agenda over the past year, contributing to a number of the developments in employee benefits detailed above. Please refer to our Directors' Remuneration report on pages 98 to 117 for more information on executive remuneration and employee engagement around pay.

Supporting our colleagues through strategic change

To stay agile and competitive, the Company adapts its strategy over time, from streamlining operations to diversifying services. We carefully consider the impact of these strategic decisions across all operations. In cases requiring business rationalisation as part of cost-cutting efforts, we are committed to fair and considerate action, minimising impact through enhanced redundancy packages, early retirement, re-training, and internal placement. We also engage local employers to support colleagues into new roles, train managers on change management, and offer support in job applications. We have a formal Union recognition agreement with Unite and involve them in change processes. Our Colleague Consultation Team, representing various business units, plays a crucial role in change programs, ensuring meaningful consultation. This team is entrusted with early access to change-related information, facilitating meaningful consultation. Notably, their input was instrumental in refining the management-proposed solution for the introduction of flexible bank holidays and the management of Time Off in Lieu (TOIL).

We also have a colleague forum focused on enhancing the overall work experience. Their recent support in a data gathering exercise was pivotal. We plan to engage with the outcomes of our recent benefit survey to determine the next steps for our non-contractual benefits.

Employee Turnover is tracked and internally reported monthly as a way of monitoring and tracking the success of our retention initiatives. We undertake exit interviews with staff who depart to ensure we capture feedback that can inform our strategy.

Fair pay and financial support

Year	Applications received	Approved Application for assistance	Average grant from Colleague Support Fund
2023-2024	21	19	£1,171
2022-2023	12	9	£922.22

Employee turnover

	FY2024	FY2023	FY2022
All employees	32.87%	30.30%	38.64%
Board of Directors	0%	0%	33.33%
Executive Team	0%	0%	22.22%
Executive Team and other Senior Managers	4.17%	9.09%	21.28%

Health & Safety

We are committed to a culture of attention to health and safety and take pride in working together to keep our workplaces safe. This means adopting positive behaviours, calling out concerns and encouraging proactive reporting of all incidents and near misses, without blame or fear of sanction for doing so. The Company continues to monitor and manage its reporting of incidents and accidents, however minor they may be, with a robust process of investigation (including root cause analysis and human factors) before the incident is considered closed.

Using qualified Health & Safety practitioners, we review all recorded accidents, near misses and any concerns raised by colleagues in pursuit of continual improvement to our processes and performance. We have a zero exceptions policy to accurately report and categorise incidents – and every occurrence is treated as a learning opportunity to be followed up with training and corrective action. The result is that we have a strong track record of limiting accidents in the workplace despite the physical nature of our operations. In line with best practice, we have an online Health and Safety management system supplemented by a mandated online safety induction training for all new starters and a health and safety resource centre on the Company's intranet providing easy access to our policies and procedures for all colleagues.

The Company continues to monitor and manage its reporting of incidents and accidents, however minor they may be, with a robust process of investigation (including root cause analysis and human factors) before the incident is considered closed.

The lost time frequency rate (LTFR - rate of lost time injuries per 100,000 working hours) for FY2024 was 0.38 (FY2023: 0.38) against a target of 0.32. Our total accident frequency rate (rate of injuries per 100,000 working hours) was 2.29 against a target of 2.5, which reflects a 6% decrease year-on-year. (FY2022: 2.64, FY2023: 2.44, FY2024: 2.29).

During the year, Smiths News again retained certification of its OHSMS processes to ISO 45001 standard following three audits from BSI (British Standards Institution/our certifying body) which included identifying the needs and expectations of all interested parties, ensuring the management system is suitable, with robust controls in place for all individuals and organisations impacted by our activities. It is supplemented by a programme of audits and inspections. The findings of these have been used to review and refine our safety strategy with the Health & Safety team focusing on culture and risk mitigation.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)

	FY2024	FY2023	FY2022	FY2021
Specified injuries	3	1	0	0
Injuries resulting in over seven days' absence from work	2	3	2	11
Dangerous diseases resulting in over seven days' absence from work *	0	0	0	6
All RIDDOR	5	4	2	17

* We have seen a minor increase in RIDDOR reportable incidents however we believe this to be a normal season after the COVID-19 impacted years.

Fostering a Culture of Mental Health and Wellbeing

At Smiths News we believe everyone should have access to support for their mental health without fear of stigma. Which is why we have a range of initiatives and support mechanisms to help colleagues who are in need of friendly advice or more formal assistance.

Mental Health Allies

At the vanguard of mental health and wellbeing programme, our Mental Health Allies (MHAs) provide knowledgeable and safe support to colleagues across the business. Trained and certified by Mental Health First Aid England they are a network of 16 Mental Health First Aiders – and they've quickly become a vital part of our wider suit of help and assistance for colleagues.

Critically, our MHAs are proactive in making themselves accessible to colleagues, fostering an open and trusted space for listening and providing knowledgeable advice from signposting to expert support. Awareness is also raised through posters at sites and communication on our colleague intranet.

To give further confidence and ensure up-to-date competencies, all our MHAs must attend quarterly meetings to discuss updates, training, current themes and challenges. There are also regular informal check-ins to keep up to date.

We're proud of the dedication of our MHAs in offering professional in-house support. They have quickly become a trusted point of contact for colleagues, not only in times of crisis but also in promoting the importance of everyday wellbeing.

Mind Matters Network Group

The Mind Matters network group is dedicated to changing the perception of mental wellbeing within Smiths News. Its members provide an inclusive space where colleagues' voices are heard and can influence positive change through insights, education, and advice. Their goal is to create an environment where all colleagues feel secure in seeking support for their mental wellbeing.

Confidential Helpline

In addition to workplace support, we offer a free and confidential 24-hour helpline via our Employee Assistance Programme, accessible to all colleagues and their direct family members.

Hearing our colleagues' voices

Our What Matters engagement survey helps us to identify any themes and challenges regarding mental wellbeing and stress, we use this information when thinking about planning activity or producing resources.

Sustainability Report continued

Environment

Compliance statement against:

- Taskforce on Climate-related Financial Disclosures (TCFD) Recommendation
- The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022

In accordance with UKLR:6.6.8G, in assessing our compliance with the recommendations of TCFD, we have taken into account both the guidance for all sectors in Section C of the 2021 version of the TCFD guidance 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' as well as other documents of guidance referred to in UKLR:6.6.9G. We have supplemented this with a further assessment of the requirements of The Companies (Strategic Report) (Climate-related Financial Disclosure Regulations 2022 and consider the disclosures which we have made in relation to TCFD to address these requirements.

Based on the guidance noted above, we have made disclosures that are aligned with the TCFD core element areas of Governance, Strategy, Risk Management and Metrics and Targets. In making these disclosures, we have complied fully with the required 11 specific recommended disclosures save for the following items:

- Strategy recommendations B and C - we have only partially described the impact of climate-related risks and opportunities on our business, strategy, and financial planning, as well as only partially describing the resilience of our strategy when taking into consideration different climate-related scenarios, including a 2°C or lower scenario. We acknowledge that further work is required here to reach the point where all disclosure requirements are met in full. While we acknowledge that we could refine the basis of our assumptions used in scenario planning, including the development of an analytical model to more accurately identify the impact of climate-related risks and opportunities to our business, strategy and financial planning and the timelines of such impact and associated KPIs to manage material risks, currently we do not have the internal resources to undertake this further work, nor do we believe that the forecasted expenditure of such analytical models is currently justified nor necessary for us at this time in order to have a better degree of certainty to be able to sufficiently assess our climate-related risks, their magnitude or the associated timelines. Reducing our emissions and energy consumption are our priorities, as they are linked to several climate-related risks which we have identified.

Environment – Reduction of emissions: Scope 1 & 2

KPI:2

Ambition	Measure/KPI	Progress
Reduction of emissions: Scope 1 & 2	4.96% (of baseline stated in 2022) reduction per year and an absolute reduction of 55% by 2033	Baseline number; 2,452 tco ₂ e

Environment – Reduction of emissions: Scope 3

KPI:3

Ambition	Measure/KPI	Progress
Reduction of emissions: Scope 3	(categories 1, 4 & 6): Medium to long term target of an absolute reduction of 55% by 2033	Baseline number; 257,298 tco ₂ e

Environment – Improving packaging compliance and diversion of waste from landfill

KPI:4

Ambition	Measure/KPI	Progress
Improve own packaging compliance	Understand scope to improve own packaging compliance (based on regulatory packaging data) with 100% diversion of waste from landfill	100% diversion of waste from landfill

Over the next two years we plan to develop a decarbonisation pathway to our near-term target, including understanding the financial investments required and the impact this could have on our financial planning and business processes. This decarbonisation plan will allow us to further assess the resilience of our business model and develop our transition plan. This assessment can begin only once we have developed our decarbonisation roadmap and better understand the decarbonisation levers available to us.

- Risk Management recommendation A – We have only partially described our processes for identifying and assessing climate-related risks.

During FY2024 we have further enhanced our risk management processes, including procuring access to a number of models linked to our insurance and related processes which have assisted us in determining both high risk areas as well as the impact relating to climate-related events. In addition, the risks we have identified are considered in detail as part of our strategy and financial planning, specifically as the risk process is directly linked to our going concern and viability modelling, with decarbonisation risk and mitigation factored into our medium-term strategy and financial planning. We feel the visibility of data that we have at this time to be sufficient in allowing us to understand the impact of climate-related risks to our business and to therefore go a step further at this time is not warranted. For instance, we do not envisage that the development of analytical models to more accurately quantify the impacts and mitigation measures against our material climate-related risks and opportunities will lead to a change in our corporate activities for the reasons set out above and we therefore remain satisfied with our current processes; however, as we undertake the development of our transitional planning, should the need arise for further analysis we will of course look to enhance our quantitative climate scenario analysis.

- Metrics and Targets recommendation A – We have only partially disclosed the metrics used by our business to assess climate-related risks and opportunities in line with our strategy and risk management processes.

Our current metrics and targets focus on emissions, energy reduction and waste management which are also our measures of mitigation for a number of our identified climate-related risks. Currently, we believe that these metrics and targets sufficiently address the climate-related risks that have been identified. As we develop our decarbonisation pathway and transition plan, we will consider additional KPIs to support our overall ambition, if deemed relevant. We acknowledge that the identification of new risks or changes to our current risk profile may also require the introduction of new targets and KPIs and these will be addressed as and when the need arises.

As part of the transition planning process which, as noted above, will be undertaken in FY2025-2026 we anticipate that we will be able to more accurately determine what further actions we will be required to take to reach a point where we have fully disclosed against all the TCFD requirements. We believe this approach is reasonable and proportionate with the current economic and geo-political environment in which we operate and the circumstances of our business, acknowledging that we have considered all reasonable and supportable information available to us without incurring undue cost or effort (IFRS S2 requirement).

Our increasing focus on climate change is further reflected in our TCFD disclosures, with some of our highlights in the year being the progress we have made in the analysis of our data, which whilst enabling us to identify certain shortcomings, has also enabled us to better understand and further develop what 'net zero' looks like for our business, including a better understanding of how this will inform our transition planning and our further strategic development. We have also been able to better understand our risks and opportunities, leading to a review of our climate-related risks and the growth of Smiths News Recycle.

A summary appendix of our key disclosures in relation to the 11 TCFD recommendations is set out at the end of this TCFD report on pages 58 to 59.

Background

As a wholesale business, most of our emissions arise from the goods we procure (including the newspapers and magazines that we distribute), our logistics network and the movement of products and our people. As such, collaboration with our suppliers and outsourced logistics providers is vital in ensuring we effectively manage our climate-related risks and reduce our emissions. We have reported our Scope 1 and 2 and partial Scope 3 emissions since the introduction of the UK Streamlined Energy and Carbon Reporting and this is our third year reporting the impacts of our climate-related risks and opportunities. Our climate risk reporting is aligned to the TCFD framework, as required by UKLR:6.6.6R(8), and to the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. A table has been provided in the Appendix to map each disclosure element to relevant sections of this report.

Since FY2021 we have been actively managing our climate risk and have made significant progress in our data collection, validation and reporting processes (including calculating our full value chain emissions), understanding our climate-related risks and opportunities and adapting our corporate governance structure to ensure we are able to achieve our ambitions. In FY2022, we set emission reduction targets aligned to climate science, evidencing our commitment to reduce our impact and play our part in mitigating the impacts of climate change. To build resilience towards potential incoming legislation, we continually review and adapt our strategy and processes to ensure they remains fit for purpose, allowing us to focus our actions on the areas that we can have a significant impact.

Sustainability Report continued

Board

Sustainability Committee

Remuneration Committee

Audit Committee

Executive Team

Sustainability Steering Group

Operational Teams

All colleagues

Board

Frequency: Quarterly meetings, sustainability including climate risk standing agenda item for all meetings

Members: All Executive and Non-Executive Directors

Responsibilities:

- Oversight of the Company's sustainability strategy
 - Monitoring progress towards sustainability targets & management of climate related risks and opportunities
 - Mobilising financing to ensure opportunities are seized and targets are achieved
- Engagement

Engagement:

- Updates via Board Paper produced by the Sustainability Committee and CFO attendance at meetings covering climate
- Audit Committee quarterly updates on enterprise risk including sustainability

Sustainability Committee

Frequency: Quarterly meetings, chaired by CFO

Members: All Executive and Non-Executive Directors

Responsibilities:

- Oversees sustainability strategy including climate risk management
- Monitors progress against KPIs
- Review, challenge and approve strategy proposed by Sustainability Steering Group

Engagement:

- Sustainability Steering Group Progress Report including updates where changes to climate risk register take place, presented by CEO

Remuneration Committee

Frequency: Annual review

Responsibilities:

- Oversee suitability and implementation of incentives
- Alignment of remuneration policy and incentives to incorporate ESG

Engagement:

- Annual engagement with Sustainability Committee and Board to review ESG incentives

Audit Committee

Frequency: Quarterly meetings

Responsibilities:

- Oversees company risk management process including
- Reviews and monitors risk registers including sustainability risks
- Oversees external disclosure

Engagement:

- Sustainability risk register, owned by Sustainability Committee.
- Meetings attended by CFO who is chair of Sustainability Steer Co and member of Sustainability committee

Executive Team

Frequency: Weekly meetings with feedback from Sustainability Steering Group via structured reports covering broad climate agenda

Responsibilities:

- Monitor risk and progress towards sustainability KPIs
- Embed climate into company culture and messaging

Engagement:

- Informed - CFO acts a conduit to Sustainability Committee and Steering Group

Sustainability Steering Group

Frequency: Quarterly meetings, chaired by CFO (Executive sponsor for Sustainability)

Members: Cross functional group including operations, procurement, finance, governance, communications and our people team.

Responsibilities:

- Identification, assessment and mitigation of climate risks
- Responsibility for management and operationalisation of climate and sustainability strategy
- Identification of climate mitigation
- Target setting and monitoring progress
- Identifying investment required for climate mitigation activities
- Sustainability communication strategy (internal & external)
- Reporting and disclosure

Engagement:

- KPI progress reports from operational teams and attendance of sustainability pillar leads

Reports to:

- Sustainability committee quarterly, via progress report, CFO conduit
- Audit Committee, ad hoc as risk register changes occur

Key

Communication channel

Operational Teams

Frequency: Quarterly meetings, chaired by CFO (Executive sponsor for Sustainability)

Members: Operational teams to deliver day to day actions of climate strategy

Responsibilities:

- Management of data used to inform sustainability strategy
- Identification of risks, escalation to Sustainability Steering Group
- Implementation of emission reduction and climate mitigation activities
- Specific climate responsibilities:
 - Fleet & Services Director: Scope 1 and 2 emissions management), and oversight of Scope 3 emissions
 - Publisher Service Team: establishing and leveraging supplier relationships to identify opportunities for reducing our value chain emissions
 - Site managers and fleet team responsible for implementation of emission reduction activities and building climate resilience

Engagement:

- Manage and report data to sustainability pillar leads

Reports to:

- Sustainability Steering Group quarterly KPI update

All colleagues

Communication of our sustainability strategy through internal communication channels highlights company ambition to our wider business, clarifying actions that contribute to target achievement across all pillars.

Climate Governance

Our approach to managing sustainability combines clear internal responsibilities, frequent KPI review and, importantly, regular communication of our performance to stakeholders. This is aligned to our Company values and a belief that the pursuit of sustainability can enhance our services and partnerships with our suppliers and customers. Climate risk and sustainability are considered at all levels of the business.

To equip our Executive and Leadership teams with the necessary skills to make informed strategic and investment decisions regarding sustainability, we offer tailored training utilising both internal and external resources. More information is available under the heading 'Maintaining and Retaining Our Talent' in this report. Through a long-term partnership with EcoAct, we are able to integrate sustainability knowledge and skills into our Board processes.

In line with best practice guidance, we have established Sustainability linked incentives at Leadership level, with the annual LTIP award now including a sustainability metric. Further information on this and the percentage of overall remuneration can be found in the Directors' Remuneration report on page 98.

Our Board has ultimate responsibility for sustainability and considers climate risk and opportunity in strategic decisions and business plans. It is supported by the newly established Sustainability Committee and the Audit and Remuneration Committees. Further information regarding the terms of reference, mandates and meetings of these, the Board and its Committees can be found in the Corporate Governance report on page 75, whilst details of our climate governance structure can be found in the diagram on the previous page. Since its establishment in FY2024, the Sustainability Committee has put in place a new governance mechanism to ensure that internally and externally the same, verified data set is used in communications, helping us better to manage our climate-related reputational risk, as scrutiny and use of external data by rating agencies continues to increase. The strategy section of this report provides further detail on other data improvement work we have undertaken.

The Sustainability Steering Group is delegated responsibility for operationalisation of the Company's sustainability strategy, identifying and assessing climate and sustainability risks and opportunities, assessing progress against KPIs and shaping the future sustainability strategy.

Further details of our KPIs are outlined in the relevant sections throughout this report. Since its inception in FY2021, the Sustainability Steering Group has set emission reduction targets aligned to climate science, established a more thorough and frequent data interrogation process and cascaded responsibility for the day-to-day management of activities to functional roles. This mirrors the way that other risks are managed within the business. Further details of this process can be found, in the Risk Management report on page 66.

It has also provided upskilling and training to the Board and Executive Team via a combination of internal updates and use of external experts to provide context on specialist topics, enabling empowered and informed decision making to take place.

We understand the significance of ensuring that every colleague is informed about and understands our sustainability strategy and how their role contributes to its success. Therefore, we have integrated our goals into our broader employee engagement strategy, that is managed by the Sustainability Steering Group.

Climate Risk and Opportunities

We acknowledge that climate change presents both risks and opportunities to our business. Our operations may be affected by physical risks, potentially impeding our capacity to effectively serve our customers and communities, and transition risks, which could escalate operating costs or diminish overall revenue.

To address these challenges, we employ two primary approaches. Firstly, we have established science-aligned emission reduction targets aimed at mitigating climate change. Additionally, we leverage our enterprise risk management system to evaluate and identify appropriate mitigation measures for risks or opportunities that hold material significance for our business, further details of which can be found in the Risk Management report on pages 66 to 71.

The transition to a low carbon economy also presents opportunities including resource efficiency and cost savings. The Company is harnessing these opportunities and has identified and established an additional revenue stream, Smiths News Recycle (see page 08), which has been established to support retailers within the local communities in which we operate to increase their recycling rates and reduce waste to landfill.

Sustainability Report continued

Climate Scenario Analysis

To understand and assess our climate related-risks and opportunities, in line with the TCFD guidance, in FY2021 we conducted qualitative climate scenario analysis (CSA) using multiple carbon scenarios and time horizons. Although these time horizons challenge our traditional business planning timeframes, extending our view out to longer timeframes means we can start to understand and adapt to risks and harness opportunities that may require longer to materialise or realise.

Our CSA process involved stakeholders from across the business, representing different functions and split across operational and leadership roles. The plausible future scenarios were considered, and a materiality assessment undertaken to map the impact to business against importance to stakeholders and prioritise the most material risks. These risks were then rated against our risk impact thresholds, as more fully explained in the Risk Management report on pages 66 to 71, to understand the severity of the impact on the business, and the likelihood that the risk may occur. No updates to the assessment or the assumptions have taken place since 2021.

For a full rationale of how these time horizons align to strategy and wider risk management, please see page 66 in our Risk Management report.

The focal question of the assessment was 'What climate-related risks and opportunities are relevant to us as a business?'. We deliberately kept this broad to ensure we captured all risks and opportunities for consideration. During this qualitative assessment we considered the impact of acute and chronic physical risks (extreme weather events, temperature increases, flooding and sea level rise) as well as transition risks covering market, technology, policy and legal and reputation.

We identified five climate-related risks as potentially material to the business, using the same threshold as our standard risk management process, these have been amalgamated as the principal business risk of 'sustainability' in our Group risk register, which is managed and challenged by the Audit Committee, the Executive Team, and the Board. A dedicated sustainability risk register has been developed and is monitored by the Sustainability Committee and Sustainability Steering Group, to ensure general sustainability and more specifically, climate-related risks and opportunities are monitored and reassessed frequently. Further detail of our sustainability risks can be found in the risk section of this report. As well as risks we have identified climate-related opportunities including lowering operating costs through energy efficiency and diversification of income streams to offer our customers effective ways to increase their recycling rates, leading to the establishment of Smiths News Recycling.

SECR Disclosure

	2024 ³	2023	2022
Emissions from the combustion of fuel or the operation of any facility, including fugitive emissions from refrigerants use/tCO ₂ e – Scope 1 emissions ¹	1,359	1,503	1,536
Emissions resulting from the purchase of electricity, heat, steam or cooling by the Company for its own use (location-based) / tCO ₂ e – Scope 2 emissions ¹	813	876	916
Total gross emissions / tCO₂e	2,172	2,379	2,452
tCO ₂ e per £ million turnover	1.97	2.2	2.3
tCO ₂ e per FTE	2.04	1.6	1.5
Energy consumption used to calculate above emissions/kWh	10,059,957	11,079,725	11,706,928
Estimated emissions from the mileage covered by our outsourced delivery drivers (tCO ₂ e) – Scope 3 emissions ²	10,368.3	9,085	9,343

¹ Estimated data equates to 0.2% of consumption for Scope 1 and 3% for Scope 2.

² Please note that this value covers the emissions from our outsourced mileage which includes delivery contractor mileage and trucking. Other logistics associated with pre- and post-distribution runs and purchased courier or postage services are not included in this total but are currently in calculation as they form part of our Scope 3 target boundary.

³ It should be noted that 2024 is a 53-week year.

Metrics and Targets

We understand the need for immediate action but also recognise that longer term action and commitments are required to ensure progress continues. In FY2022 we set near-term emission reductions targets that align with global scientific consensus, as it puts us on a trajectory to support limiting global warming below 1.5°C. These targets are aligned to the Science Based Targets Initiative guidance but have not been submitted for formal validation. At present our near-term targets extend to 2033 and cover our full Scopes 1 and 2 and our most material Scope 3 emissions. We also have target in place to send zero waste to landfill from our own operations.

Our Progress

Since the introduction of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, also referred to as Streamlined Energy and Carbon Reporting (SECR) we have reported our Scope 1 and 2 emissions (arising from energy used in our offices and depots, and fuel used in Company-owned or operated vehicles) as well as the emissions from our outsourced contractor mileage (part of Scope 3). Our emissions performance can be found in the SECR table below. Emissions have been calculated in line with the GHG Protocol Corporate Reporting Standard and we have used the UK Government GHG Conversion Factors for Company Reporting 2024.

FY2024 actions Scope 1 and 2:

- Improved data: In controlled buildings, we have installed half hourly meters to better understand site energy usage profile, allowing identification of behavioural change and training opportunities to reduce emissions (e.g. Ensuring minimal baseload when site is not in operation).
- Refurbishment: HVAC and lighting upgrade at our Swindon Head Office.
- Electrification buildings: transitioned our Stockport distribution centre from natural gas to electric heating, which is on a renewable tariff.
- Electrification of vehicles: successfully transitioned our entire company car fleet to electric, with a split of 83% plug-in hybrid and 17% full electric and increased the proportion of electric forklifts in our depots and warehouses. Our move away from diesel also means we have reduced particulate matter associated with diesel cars.

Electric chargers installed at 14% of our sites.

Climate Scenario Analysis

Time Horizons	Carbon Scenarios Considered & Description		Assumptions
Short: 2028 Medium: 2033 Long: 2033+	IEA Net-Zero by 2050: 1.5°C aligned	Early implementation of societal actions and policy towards a low carbon economy, resulting in the limitation of global warming in line with the aspirational Paris 1.5°C increase. Selected as higher transition risk in this scenario.	- Population: 45% increase - Fossil fuel price peaks in 2030 - Advanced economies reach net zero in 2045 - Transition reliant on energy sector - Reliant on rapid deployment of available technologies as well as technologies that are not yet on the market - Smiths News emissions reduce in line with SBT trajectory
	RCP 8.5: high carbon (>3°C)	Failure to implement change and limited policies to address global warming. Selected as highest impact from physical risk.	- High population growth - Strong reliance on fossil fuels - Slow technological progress

Sustainability Report continued

Scope 1 and 2

In FY2024 Smiths News' total Scope 1 and 2 location-based emissions came to 2,172 tCO₂e, a 9% decrease compared with our previous financial year and a 11% reduction since our FY2022 baseline. We achieved a 17% reduction in the emission from our natural gas usage, and a 4% reduction in emissions from our Company car fleet. Extra resource has been dedicated to emissions management to allow us to increase the granularity of and frequency with which we collate, report and interrogate data at different management levels. This has enabled us to better understand our data and clearly identify action areas. See the strategy section for details of emission reduction activities as required by SECR.

Scope 3

While it was our intention to report on the Scope 3 emissions that sit within the boundary of our target (categories 1, 4 and 6) as against our FY2022 baseline, the timing has been delayed due to a data extract problem which is being remedied. We understand that our largest emission source is from our purchased goods and services.

To influence reductions in this area we will continue to focus on obtaining primary data from suppliers, that will enable us to transition from weight based reporting to supplier specific emissions. We believe this can be attributed to a combination of purchasing a lower volume of newspapers and magazines and an increase in the use of recycled papers. We will continue the engagement with suppliers to better understand and further refine the recycled content data to improve the accuracy of our calculations.

Our second largest source of emissions arises from our outsourced logistics network where we are also looking to further refine and understand the data to enable us to better understand both the source of the emissions as well as identify opportunities to engage with our logistics network with a view to reducing these emissions where possible.

It is anticipated that our Scope 3 (categories 1, 4 and 6) emissions data will only become available after the publication of this report.

Strategy

Our strategy has been influenced by climate-related risks and opportunities, from setting targets, establishing a sub-committee of the Board dedicated to Sustainability matters, including climate (see Corporate Governance report on page 74), investing resource on improving our climate-related data and deploying capital to reduce our emissions and managing our climate risks.

To gain a deeper understanding, we have increased the frequency of our data integration and reporting. Previously an annual activity, the Sustainability Steering Group now analyses the data from our SECR report monthly and report to the Board quarterly.

Since setting our targets in FY2022, our focus has been on emissions reduction across our buildings and fleet, as this helps us to mitigate two of the five climate-related risks we have identified including:

1) reduced reliance on fossil fuels, reducing exposure to energy blackout and price volatility within the market and 2) reducing fleet emissions to reduce the impact of ultra-low emission zones.

We have also adapted our strategy to harness opportunities including the establishment of Smiths News Recycle (see page 8 for further details).

The next phase of our work is to develop a transition plan that allows us to meet our near term SBT and consider the impact of climate risk in more detail. In preparation for this we have, in partnership with Savills, undertaken a net-zero assessment at our Birmingham depot to understand the feasibility and investment required to reach net-zero at this site. Whilst each site is unique in its usage, the reduction initiatives identified in this assessment are applicable to our other depot sites.

In addition, we have completed energy audits at our head office in Swindon and our distribution centres in Hemel Hempstead and Taunton as part of our compliance with Phase 3 of the UK Government's Energy Saving Opportunities Scheme.

The results of these assessments show there are several levers we could use to reduce our emissions and reduce our climate risk including:

1. **Energy efficiency:** Upgrades to our lighting and heating equipment and installation of additional smart control systems – automatic lighting, radiator controls and power quality monitoring.
2. **Employee behaviour and awareness:** decrease temperature settings and understand baseload outside of operational hours.
3. **Switch to low carbon energy:** Transition to alternative energy sources including gas boilers to electric and installation of solar PV or heat pumps and continue to convert our forklift trucks to electric to build on the success of transitioning our entire company car fleet to EV/hybrid by the end of FY2023.

We will use the results of these audits to assess the suitability of actions across our portfolio and develop a longer-term transition plan that will layout our strategy and investment required to achieve our near-term emission reduction targets.

Scope 3 – value chain emissions

Our experience with Scope 3 emissions management has underscored the need for collaborative action to drive change. The effectiveness of our emissions reduction hinges on the participation of our colleagues, outsourced delivery drivers, and the publishers we collaborate with. A significant portion of our focus this year has been directed towards engaging with our suppliers, especially the publishers responsible for the majority of our Scope 3 category 1 emissions and evaluating the influence of our consolidation strategy on our overall emissions profile.

Across FY2024, we have undertaken various activities that influence our Scope 3 emissions in different ways.

Internal activities:

- Hosted internal workshops with operational teams to enhance Scope 3 understanding, empowering operational roles to identify data improvements, enabling the replacement of estimated emissions with actual data.

Publisher actions:

- Engaging with suppliers to communicate the Smiths News ESG strategy to better understand publishers' strategy, including understanding current emissions profile, plans to reduce emissions and climate-related risks and opportunities.
- Initiated dialogue with publishers on deforestation risk in their supply chain and FSC certification (or equivalent) ambitions.
- Applying lessons learnt by publishers to our own data challenges.
- Supported publishers with their verification process by providing access to our raw data and calculations to be considered as part of their Scope 3 verification process.
- Identified opportunities for route consolidation:
 - Continue to track volume of unsold items across our newspaper publishers and magazine distributors to identify opportunities to consolidate routes and our distribution activities.
 - Collaboration with supply chain partners upon announcement of the merger of DMG Media and News UK print operations, to supporting our publishers in reducing overall mileage when delivering to our depots, in turn driving reduction in our own upstream Scope 3 emissions.

Outsourced logistics:

- Promoted the transition of our outsourced delivery vehicles to newer models, including EURO 6 engines, and encouraged the shift from diesel to alternative fuels like LNG, hybrid, or fully electric options.
- Analysed the effect of our consolidation strategy on our outsourced delivery emissions, integrating this into our emission reduction roadmap (transition plan).

In FY2025, we will continue to engage with our suppliers to increase collaboration and availability of primary data as well as investigating additional methods to move away from spend based calculations for our purchased goods and services.

Supporting our colleagues with volunteering

As part of our 'We Care' scheme, Volunteer Time allows all Smiths News colleagues to apply for up to two days of paid leave to support worthwhile causes within their community.

We understand that many colleagues regularly volunteer their own time with local charities and communities that are important to them. In supporting these efforts, Volunteer Time gives colleagues the flexibility to take additional paid leave as and when it is most needed.

Case study:

This year our Talent Team volunteered at Phoenix Enterprises, a local charity that provides vital support for over 100 vulnerable adults in Swindon with mental health issues, learning difficulties and physical disabilities. The team helped to collate language leaflets, build boxes and assembled support leaflets.

The volunteering day gave me an opportunity to work alongside some of the people that are supported by the charity, not just learning more about the charity and the support it gives, but importantly for me, also practically helping them in delivering their task for the day.

Sustainability Report continued

Responsible partnerships

Supplier management

We have continued to work closely with our suppliers and customers as we pursue sustainable ways of working and to align our sustainability objectives. To manage risk in this area we have established a KPI to ensure that we can track our supplier adherence to our supplier code.

To advance our sustainability goals, we continue to work closely with our suppliers and customers, with a focus on aligning our sustainability objectives. Our supplier code, ethical trading policy, and modern slavery policies undergo annual reviews, and we have recorded no compliance issues or concerns. Our audits indicate that over 98% of our non-trade suppliers meet the required procurement standards. The Company remains actively engaged in monitoring and enhancing supply chain standards, leading the way in best practices and adopting the voluntary codes of the Press Distribution Forum (PDF), which operates under a service charter with a complaints process benefiting all members.

Stage 1 pre-complaints across all news wholesalers in the UK reduced from 244 in FY2022 to 137 in FY2023, with those related to Smiths News decreasing from 63 to 43 in the same period. Most formal complaints were linked to delivery timeliness, driven by seasonal weather-related issues leading to an increase in call centre inquiries, naturally resulting in a rise in complaints. We are dedicated to resolving issues before they escalate to formal complaints, with recent PDF analysis showing that the average time to conclude a complaint comfortably meets the 28-day deadline, with Smiths News averaging 14 days (compared to 10 days in FY2022). With a 55% market share, Smiths News accounted for 31% of industry breaches under the Charter, up from 28% in FY2022.

Additionally, beyond the PDF Charter requirements, Smiths News continues to implement an automatic service failure payment scheme in cases where the daily news is delivered over two hours late, irrespective of inbound delivery times that may be beyond our control. This scheme, exceeding the PDF Charter and our contractual obligations, continues to be well received by retailers and their representative trade bodies.

Ensuring responsible standards in our supply chain is a focal point of our procurement policies. All preferred suppliers must adhere to our supplier code, modern slavery, and anti-bribery policies, and demonstrate their commitment to upholding these standards. Further information is available on our website under 'Working Responsibly - Smiths News'.

Responsible partnerships – Compliance with supplier code

KPI:9

Ambition	KPI	Progress
Responsible partnerships through ethical sourcing and a sustainable supply chain	95% of non-trade suppliers* registered on our procurement system and that have agreed to our supplier code of conduct	98%

Responsible partnerships – Data protection and cyber security

KPI:10

Ambition	KPI	Progress
Responsible partnerships through secure data management	Protection of data: % of PC User Colleagues with current certification security/data protection awareness supported by two anti-phishing campaigns within the year	95.65%

Data and cybersecurity

In today's digital landscape, the significance of cybersecurity for our business cannot be overstated. As we increasingly rely on digital systems to store sensitive information, conduct transactions, and communicate with clients and partners, the need to protect our data and systems from cyber threats has become paramount. A strong cybersecurity posture not only safeguards our company's valuable assets and maintains the trust of our stakeholders, but it also ensures continuity of operations and minimises the risk of costly data breaches and regulatory penalties. By prioritising cybersecurity, we demonstrate our commitment to upholding the integrity of our business, fostering a secure environment for our employees, clients, and partners, and sustaining our reputation in the marketplace.

Throughout the year, we have consistently enhanced the security measures across our business.

This includes bolstering the security of internal datacentre systems, cloud services, and end user devices.

The implementation of new antivirus and network filtering solutions has provided added protection against modern threats, and advancements in security vulnerability management have facilitated the deployment of crucial updates. The business has successfully rolled out a modern network architecture, featuring next-generation firewalls, further fortifying our network protection capabilities.

We are dedicated to an ongoing program of security improvements, including the implementation of reinforced safeguards for critical assets and stringent control over resource access. Furthermore, a comprehensive update of Business Continuity plans has been executed. While we achieved 'Cyber Essentials Plus' accreditation from the National Cyber Security Centre during FY2023, we did not recertify in FY2024 as our focus was on multiple hardening activities. We intend to pursue recertification once these activities are completed. Our security incident response has proven effective, and the insights gained have been integrated into our processes and technology. This is key to continually improving response capability and strengthening of existing controls.

Community

Smiths News makes an active and substantial contribution to thousands of communities throughout the UK by ensuring widespread availability of news and information, including remote rural locations that would not typically receive a regular delivery of many other products.

'We Care' serves as our charity and community forum, comprising colleagues from various departments across the Company. This colleague-led group is dedicated to coordinating CSR charity and community initiatives throughout Smiths News. The primary goal of We Care is to facilitate a positive impact on our local communities by providing support to charities and community groups. It oversees all charitable requests, including the colleague matching pot funded by the Company and the six-month charity focus, and operates two working groups focusing on Volunteering and Charity respectively.

Additionally, the forum actively promotes the use of our volunteer day benefit, collaborating with local councils to explore available resources and opportunities, and maintaining our commitment to contributing both financially and through the dedicated time of our colleagues. Specifically, we extend support to NewstrAID, the industry-specific charity for publishing professionals, and Pass It On.

For more information and case studies on our community engagement please refer to our Stakeholder Engagement report on page 22.

Showing colleagues and communities that 'We Care'

In September 2024 we launched 'We Care' – a new scheme to support our colleagues' fundraising and volunteering efforts.

The initiative is powered by passionate colleagues from all corners of our business. The scheme aims to support charity partnerships, fundraising and volunteering efforts – bringing these together to make a real difference to their communities

'We Care' is founded on three clear objectives.

- Supporting local communities and community groups
- Promoting a culture of 'giving back'
- Encouraging colleagues to access our volunteer time policy

In addition, the 'We Care' scheme manages charitable requests accessing our colleague matching pot and helping direct our wider charity campaigns.

Case study:

Adam Clayden, Newport Warehouse Manager, has worked tirelessly to fundraise for Noah's Ark and Epilepsy UK. Following the launch of the scheme, we enhanced Adam's fundraising efforts with a further donation of £150.

The support from friends and family for our fundraising efforts for Noah's Ark and Epilepsy UK has been truly heartwarming.

Community – Supporting good causes

KPI:8

Ambition	KPI	Progress
Contribute to the communities in which we operate through both charitable donations, Colleague led volunteering and Community engagement financial contribution to charity	Increase number of volunteer days and financial contribution to charity	Volunteer days/sessions: 32 vs 12 in FY2023 Financial contribution £25,550

Sustainability Report continued

Sustainability Risks

In FY2024, we enhanced our sustainability risk reporting framework to encompass a comprehensive range of elements beyond the climate-related disclosures mandated by the Task Force on Climate-related Financial Disclosures (TCFD). Our reporting now includes an in-depth analysis of the additional four pillars integral to our sustainability strategy. Detailed information regarding these risks, their respective assessments, and the mitigation strategies we have implemented are presented in the following tables.

Key

Change:

Increasing
Stable
New Risk

Impact:

Moderate
Serious
Critical

Climate Risk: Physical

Risk Description	Classification	Rating	Change	Controls and mitigations
Increase in extreme weather events (Acute) Risk event Increased temperature and frequency of extreme weather events such as flooding or more extreme heat days. This can create dry ground conditions increasing the risk of a product fire at our depots or flooding, inhibiting or delaying people and vehicle access to our locations. Also leads to more energy consumption to ensure a safe operational environment. Causes An increase in the frequency of extreme weather events is believed to be driven by human activities, such as the burning of fossil fuels causing long-term shifts in temperatures and weather patterns commonly referred to as climate change. Impacts Service interruptions to our depots, data centres and offices prevent the Company from serving its customers. Increased investment required to make our depots more resilient to the effects of an increase in extreme weather events. Increased costs arising from replacing equipment and repairing depot infrastructure where mitigation measures have only been partially successful or unsuccessful. Increase in temperatures leading to more energy consumption (greater use of air conditioning in depots, data centre and offices) and increased costs to ensure safe operational environment.	Potential Impacts: Reputational impact due to inability to service customers. Increased operating costs to reroute logistics and repair damage.	Impact Rating: Moderate	Stable	Review of depot network and relocation where deemed necessary using public flood assessments and insurance data and preparation and monitoring, to ensure cooling equipment hired and deployed during critical periods.
Decreasing paper supply and/or increasing raw material or prices of paper Risk event Availability of paper supply for publishers and printers impact physical copy availability and risk sharply increasing cover prices, presenting pressure on consumer purchase decisions. Causes Deforestation causing natural resource depletion and disruption to paper supply chain through environmental lobby actions. Impacts Due to restrictions on the supply of newsprint, publishers reduce the quantity of physical copies available for distribution to retailers and consumers leading to reduction in range of titles available. This in turn reduces the Company's revenue and profitability as fixed costs of final distribution cannot all together be mitigated by reducing volumes.	Potential Impacts: Increased operating costs. Reduced revenue. Reputational damage.	Impact Rating: Serious	Stable	Monitor of paper supply chain availability and costings through our Procurement team. Quarterly update to the Sustainability Steering Group of any significant changes.

Climate Risk: Transition Risks

Risk Description	Classification	Rating	Change	Controls and mitigations
Decreasing fuel availability and/or increasing fuel prices (Market) Risk event Availability of diesel and/or petrol decreases, thereby sharply increasing prices. Causes Recent macro events have caused markets to have been volatile and while currently these have stabilised we continue to monitor. Increased competition for resource locally as fuel stations convert to EV charging stations. Impacts Increase in operational costs (including payments to delivery contractors) to reflect higher fuel costs impacting Company profitability. Fuel shortages could prevent deliveries being made to customers, impacting contractual KPIs with publishers, damaging the Company's reputation and relationships.	Potential Impacts: Increased operating costs. Reduced revenue. Reputational damage.	Impact Rating: Serious	Stable	Fuel availability and price trends are monitored by our operations teams and strategies developed to counter threats and maximise opportunities.
	Material time horizon: Medium to long Carbon scenario: IEA net-zero	Likelihood: Unlikely <10% chance Risk rating & response: 3 - accept		
Impact of extension of low emission zones across major UK local authorities (Policy and legal): Risk event Emissions and air quality targets introduced in UK towns and cities e.g. ULEZ in London. Causes Local Authority Legislation. Impact Increased distribution costs for final mile delivery results in higher operation costs for the Company. Longer term, the capital costs of using electric vehicles would require the Company's distribution model to be reassessed. Supply to some customers may also prove economically or operationally unviable, reducing our revenue and profitability.	Potential Impacts: Increased operating costs. Reduced revenue.	Impact Rating: Moderate	Stable	Monitored by our operational teams and reported to the Sustainability Steering Committee. Adaptation of our distribution model through consolidation of last mile delivery routes to minimise operational costs. Technology development (and EV mileage range) may improve economics and operational utilisation of electric vehicles. Colleagues with a company car are now required to transition to hybrid or electric vehicle when the current fixed lease period expires, supporting use in clean air zones.
	Material time horizon: Short to medium Carbon scenario: Low carbon scenario and BAU	Likelihood: Possible 10% to 30% chance Risk rating & response: 4 - Accept		
Potential for energy supply limitation/blackouts (Market) Risk event Energy demand exceeds supply during peak times such as periods of extreme cold or hot weather, resulting in energy rationing including blackouts. Causes Insufficient UK energy capacity to meet demand at peak times as insufficient new power generation capability replaces retired plant. Impact Energy rationing and/or blackouts could cause service interruptions to our depots, data centres and offices prevent the company from serving its customers. Increased investment required in our depots to enable them to withstand service interruption e.g. on-site back-up generation.	Potential Impacts: Increased capital expenditure. Reduced revenue.	Impact Rating: Moderate	Stable	Preparation and monitoring, to ensure access to generators and financial provision to operate during critical periods.
	Material time horizon: Short to medium Carbon scenario: Low carbon scenario and BAU	Likelihood: Unlikely <10% chance Risk rating & response: 2 - Accept		

Sustainability Report continued

Climate Risk: Transition Risks

Risk Description	Classification	Rating	Change	Controls and mitigations
Increasing regulatory requirements and reputational risk (policy and legal) Risk event Increasing regulatory requirements / reporting obligations. Causes Increasing demand for regulatory control and oversight to support ESG agenda. Impact Increased reputational risk and compliance costs.	Potential Impacts: Reduced revenue from reputational damage. Reduced access to capital. Increases operating costs from fines and penalties.	Impact Rating: Moderate	New Risk	Compliance with current regulations. Monitoring of trends, developments, and pending legislation. Engagement with stakeholders to manage perception and expectations.
	Material time horizon: Short to medium	Likelihood: Possible 10% to 30% chance		
	Carbon scenario: Low carbon scenario and BAU	Risk rating & response: 4 - Accept		

Carbon pricing and offsets

We have considered the risk of carbon pricing and any reliance on carbon offsets to enable us to meet net zero status. While we appreciate that any aspirational net zero ambition would, of necessity, include some form of carbon offsets, we are currently in the process of developing our longer-term decarbonisation strategy and so do not currently have visibility of the impact this could have on the business. As part of our ongoing work, we will develop a transition plan and assess the impact of carbon credit purchases as part of this longer-term strategic work.

Non climate sustainability related risks

Risk Description	Change	Controls and mitigations	Risk Description
Health and safety deficiencies: Risk event Short and / or long-term injuries. Causes Incorrect handling, storage, use of machinery, unsuitable control measures (PPE), building and other defects, poor training/housekeeping and/or supervision. Impact Injuries to colleagues, loss of work hours, increased cost and loss of confidence by colleagues in safe work environment. Regulatory sanction and fines.	Impact Rating: Moderate Likelihood: Likely 30% to 70% chance Risk rating & response: 4 - Accept	Stable	Controls to prevent injury in place, incidents recorded and investigated, risk assessments carried out, controls to reduce risk implemented, training, equipment inspected and maintained, emergency procedures in place to respond to incidents, ongoing communications, and functional whistleblowing hotline in place.

Non climate sustainability related risks continued

Risk Description	Change	Controls and mitigations	Risk Description
Cyber security breach: Risk event Cyber security breach. Causes Network intrusion (including wireless/remote), virus / malware / Ransomware. Physical security breach. Logical security (account compromise). Social engineering. Public websites / customer order entry system breach. Hacking as a result of vulnerability exploitation. Data exfiltration. Device theft. Impact Loss of data through security breach impacting reputation. Fines and Regulatory sanction. Possible fraud.	Impact Rating: Critical Likelihood: Likely 30% to 70% chance Risk rating & response: 12 - Accept	Stable	Policy and HR including: Secure development processes, supplier management process, Security Awareness Training and Phishing Comms, secure disposal procedures, log collection and monitoring processes, mandatory security awareness training Vulnerability & Patch Management policy updated and published with timelines for patching. Technical and Physical controls including: • Monthly vulnerability scanning, 24/7 targeted protective monitoring, anti-virus and malware tools, internet and email filtering, patching process, • zero-day vulnerability assessment process, extended endpoint protection, • CISCO AnyConnect VPN with Firepower IPS, secure equipment siting, physical entry controls, Bitlocker Encryption on new laptops, Alert Logic Extended Endpoint Protection rolled out to EUDs, • Laptop/Desktop HDD encryption, • Laptop/Desktops upgraded to Windows 10 (supported O/S), • Patches deployed to end user devices within 14 days, • External-facing servers patched within 14 days, • -MFA implemented for O365 and VPN, • Maturity assessment against CIS controls version 7.1 with prioritised control implementation, externally provided penetration testing upon change to public facing sites and periodic basis, Annual ITHC program, Backup Resilience Testing July 2021. CIR retainer in place with NCC.
Failure to meet diversity targets – loss of stakeholder support Risk Event The business has very low colleague turnover, with a long-serving workforce with senior roles predominantly held by white males. Changing this demographic while maintaining the goodwill, focus and energy of the current role holders is challenging particularly as the number of roles at senior levels reduces. Cause Stability of workforce and declining market means that the numbers of roles at senior levels are declining reducing the opportunities for promotions or recruitment of more diverse talent. Measurement of Inclusion remains a new concept with most organisations choosing to use a small part of their overall engagement survey. Impact Reduced ability to create high performing teams through limited diversity of thought. Potential risk of discrimination claim, even if unfounded could be damaging to reputation.	Impact Rating: Moderate Likelihood: Possible 10% to 30% chance Risk rating and response: 4 - Accept	Stable	Inclusion Manager engaged, driving strategy and direction. Launch of network groups working alongside 'EveryoneIn' to represent diverse thinking, focus and initiatives. Regular embedded reporting and actions driven from this. Development of the recruitment team in D&I practices, driving initiatives such as gender decoding and revised job adverts.

Sustainability Report continued

Non-financial and sustainability information statement and non-financial key performance indicators

The information required to be included in our non-financial and sustainability information statement under sections 414CA and 414CB of the Companies Act 2006 can be found in the following places in the Strategic report.

Employment and Social Information	Information pertaining to the management of worker relationships, health and job security, training, equality of gender and diversity, and the wellbeing of employees is set out in the People section of this Sustainability report.
Human Rights	Information pertaining to the Company's approach to human rights is partially address under the Responsible Partnerships section of this Sustainability report and in our Modern Slavery Statement which is available on our website → www.smithsnews.co.uk/wp-content/uploads/Modern_Slavery_Sep_2024_for_FY25.pdf
Bribery and Corruption	This topic is addressed in our Audit Committee report as well as on our website → www.smithsnews.co.uk/wp-content/uploads/Anti-Bribery_Policy_2024.pdf → www.smithsnews.co.uk/wp-content/uploads/SN_corruption_bribery_Act.pdf
Corporate Governance	Information pertaining to governance structures, corporate social responsibility and strategy and operations is set out within the Governance section of this Sustainability report as well as in the Corporate Governance report.
Environmental	How we evaluate our environmental impact, including greenhouse gas emissions, waste management, natural resource and energy usage, and the actions taken to mitigate negative impacts is set out in the Environmental section of this Sustainability report.

Taskforce on Climate-related Financial Disclosures (TCFD) Recommendation

Governance

A Describe the board's oversight of climate-related risks and opportunities. (Full disclosure)	Sustainability report Corporate Governance report
B Describe management's role in assessing and managing climate-related risks and opportunities. (Full Disclosure)	

Strategy

A Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. (Full Disclosure)	Sustainability report table
B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. (Partial Disclosure)	Sustainability report table. Impact of risks and opportunities assessed but impact on strategy and financial planning still under assessment.

Companies (Strategic Report) (Climate-related Financial Disclosure (CFD)) Regulations

Relevant Section

A Describe the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities. (Full disclosure)	Sustainability report Corporate Governance report
A Describe i) the principal climate-related risks and opportunities arising in connection with the company's operations, and ii) the time periods by reference to which those risks and opportunities are assessed. (Full disclosure)	Sustainability report table
B Describe the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy. (Partial disclosure)	Sustainability report table. Impact of risks and opportunities assessed but impact on strategy and financial planning still under assessment.

**Taskforce on Climate-related
Financial Disclosures (TCFD)
Recommendation**

C Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
(Partial Disclosure)

Relevant Section

Sustainability report.
Activities to manage emissions disclosed but resilience of business model not fully assessed.

**Companies (Strategic Report)
(Climate-related Financial
Disclosure (CFD)) Regulations**

C An analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios.
(Partial disclosure)

Relevant Section

Sustainability report table. Impact of risks and opportunities assessed but impact on strategy and financial planning still under assessment.

Risk Management

A Describe the organisation's processes for identifying and assessing climate-related risks.
(Partial Disclosure)

Risk Management report.
Sustainability Report.
Assumptions of climate scenarios used could be expanded.
All of the 'relevant section' data for the table is wrong from here to the bottom.

A Describe how the company identifies, assesses, and manages climate-related risks and opportunities.
(Full Disclosure)

B Describe the organisation's processes for managing climate-related risks.
(Full Disclosure)

Sustainability report table. Impact of risks and opportunities assessed but impact on strategy and financial planning still under assessment.

Risk Management report
Sustainability report

C Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
(Full Disclosure)

Sustainability report.
Activities to manage emissions disclosed but resilience of business model not fully assessed.

B Describe how processes for identifying, assessing, and managing climate related risks are integrated into the Company's overall risk management process.
(Partial disclosure)

Sustainability report
Assumptions of climate scenarios used could be expanded.

Metrics and Target

A Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
(Partial Disclosure)

Risk Management report.
Sustainability Report.
Assumptions of climate scenarios used could be expanded.

A Describe the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.
(Partial Disclosure)

Risk Management report
Sustainability report
Assumptions of climate scenarios used could be expanded.

B Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
(Full Disclosure)

Sustainability report.

N/A

Sustainability report

C Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
(Full Disclosure)

Sustainability report.

B Describe the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.
(Full Disclosure)

Sustainability report

Financial Review

Overview

In FY2024 the Company traded ahead of expectation, continued to generate good levels of cash and refinanced its banking facilities on improved terms, enabling an update of its capital allocation policy.

Adjusted Operating Profit of £39.1m (FY2023: £38.8m) was £0.3m ahead of last year, benefiting from the men's UEFA European Championships collectables, increased contribution from growth initiatives and the 53rd trading week. Average net debt was reduced to £11.7m compared to £25.0m in FY2023. In May 2024, the Company successfully concluded a refinancing of its banking facilities, reducing interest charges and enabling an update of its capital allocation policy. Consequently, the full year dividend has increased to 5.15p per share (FY2023: 4.15p per share), representing 2x adjusted profit after tax, and a further special dividend is to be paid representing 2.0p per share.

The Company's financial results in FY2024 represent 53 weeks of trading, compared to 52 weeks in FY2023 as the reporting year closed on the last Saturday in August. The additional week benefited revenue by 1.9%, adjusted operating profit by £0.9m and did not include any significant one-off items. From a cash and net debt perspective, the 53rd week was a net outflow of £15.7m driven by scheduled calendar month end publisher payments, part of the Company's normal working capital cycle which we have previously communicated.

Revenues of £1,103.7m (FY2023: £1,091.9m), were up 1.1% on the prior year, of which 1.9% related to the 53rd week. The remaining movement excluding the 53rd week of -0.8% was below the historic trend of -3% to -5%. Within Adjusted operating profit, the benefit of the men's UEFA European Championships collectables matched the contribution made from Royal Succession and the World Cup in FY2023, and cost out plans of £5.6m more than offset the net decline in newspaper and magazines income.

Inflation remains a headwind as do prices for the sale of waste, but £1.3m increased contribution from the Company's growth activities provides good trajectory going forward. Adjusted operating profit was £39.1m (FY2023: £38.8m) up £0.3m from last year and including a £0.9m benefit of the 53rd week.

While lower average Bank Net Debt helped drive lower net finance costs (FY2024: £5.9m; FY2023: £6.5m), Adjusted profit after tax decreased by £0.9m to £24.7m due to a £1.8m higher tax charge which included a higher headline UK rate in FY2024. Adjusted EPS reduced from 10.8p to 10.3p as a result.

Average Bank Net Debt for the period decreased by £13.3m (53.2%) from £25.0m in FY2023 to £11.7m in FY 2024, reflecting consistent ongoing cash flow generation. Bank Net Debt of £11.0m was higher than last year (FY2023: £4.2m) as there was an outflow of £15.7m in the 53rd week, owing to calendar month end publisher payments. Bank Net Debt on 24 August 2024 after 52 weeks was a net cash position of £4.7m. Free cash flow of £7.3m (FY2023: £21.8m) was equally impacted and Free cash flow after 52 weeks would have been £23.0m, compared to the prior year period of £21.8m.

Adjusting items after tax were a credit of £0.8m as they included a £0.6m reduction in the provision for McColl's receivables and £0.3m reversal of impairment on the investment in Rascal. This compares to a cost of £0.5m in the prior year driven by £0.6m aborted acquisition costs.

A final dividend of 3.40p per share (£8.2m) is proposed by the Board which makes a total full year dividend of 5.15p (£12.4m) compared to 4.15p in FY2023 (£10.0m). A special dividend of 2.0p (£4.8m), is also to be paid alongside the final dividend in February 2025.

Revenue

Revenue was £1,103.7m (FY2023: £1,091.9m), up 1.1% on the prior year including a 1.9% benefit from the 53rd week. Excluding the 53rd week the residual decrease of 0.8% was well below the historic revenue trend of c.-3% to -5% and was supported by new contract wins and cover price increases.

Newspaper revenue increased by 2.5%, and by 1% excluding the impact of the 53rd week and the Royal Succession in FY2023. Underlying volume decreases were more than offset by News UK and Midlands News Association contract wins and the continuing benefit from cover price increases, although these continued to impact volumes.

Magazine revenue was down 2% and this was 3.2% excluding 53rd week and Royal Succession. Weekly and Monthly titles both performed better than expected this year and a 3% decline is lower than the 10-year average decline of 6%.

Revenue from collectables however decreased by 7.3%, despite the men's UEFA European Championships and benefit of the 53rd week. Excluding these items, the decrease was 13% and included a weaker performance from the current Pokémon series over the last 12 months.

Operating profit

The increase in Adjusted operating profit of £0.3m to £39.1m (FY 2023: £38.8m) includes the following items:

- The benefit of a 53rd week of trading (£0.9m);
- Lower revenue from sale of wastepaper (£1.1m), driven by a reduction in price and volumes;
- Increased contribution from strategic growth lines (£1.3m);
- Depot rationalisation costs of £0.6m in the prior year which have not reoccurred; and
- Cost reduction plans within depot and overheads (£5.6m), which partly offset increases to the cost base driven by inflation (£4.4m) and net newspaper and magazine wholesale margin decline (£2.6m).

Profit after tax

Net finance charges of £5.9m (FY2023: £6.5m) were driven by a lower average net debt and partially offset by the write-off of unamortised fees on the previous loan facility of £46.5m and higher average interest rates. Taxation of £8.5m (FY2023: £6.7m) was £1.8m higher than the prior period, driven by the increase in the corporation tax rate from 19% to 25% from April 2023. Profit after tax of £24.7m (FY2023: £25.6m) was £0.9m lower than last year.

Statutory profit after tax of £25.5m was a £0.4m increase on the prior year (FY2023: £25.1m). The increase was the net of the £0.9m decrease in Adjusted profit after tax described above and a £1.3m difference in adjusting items which were a £0.5m cost in FY2023 but a £0.8m credit in FY2024.

Statutory Revenue

£1,103.7m

(FY23: £1,091.9m)

Adjusted Operating Profit

£39.1m

(FY23: £38.8m)

Adjusted Profit after Tax

£24.7m

(FY23: £25.6m)

Dividend per Share

7.15p

(FY23: 4.15p)

**Table A: Adjusted results
Group**

£m	53 weeks to 31 August 2024	52 weeks to 26 August 2023	Change
Revenue	1,103.7	1,091.9	1.1%
Operating profit	39.1	38.8	0.8%
Net finance costs	(5.9)	(6.5)	(9.2%)
Profit before tax	33.2	32.3	2.8%
Taxation	(8.5)	(6.7)	26.9%
<i>Effective tax rate</i>	25.6%	20.7%	486bps
Profit after tax	24.7	25.6	(3.5%)

**Table B: Statutory results
Group**

£m	53 weeks to 31 August 2024	52 weeks to 26 August 2023	Change
Revenue	1,103.7	1,091.9	1.1%
Operating profit	40.0	38.3	4.4%
Net finance costs	(5.9)	(6.5)	(9.2%)
Profit before tax	34.1	31.8	7.2%
Taxation	(8.6)	(6.7)	28.4%
<i>Effective tax rate</i>	25.2%	21.1%	415bps
Profit attributable to equity shareholders	25.5	25.1	1.6%

Table C: Earnings per share

	Adjusted		Statutory	
	53 weeks to 31 August 2024	52 weeks to 26 August 2023	53 weeks to 31 August 2024	52 weeks to 26 August 2023
Earnings attributable to ordinary shareholders (£m)	24.7	25.6	25.5	25.1
Basic weighted average number of shares (millions)	240.3	237.3	240.3	237.3
Basic earnings per share	10.3	10.8	10.6	10.6
Diluted weighted number of shares (millions)	251.1	249.9	251.1	249.9
Diluted earnings per share	9.8	10.2	10.2	10.0

Table D: Dividends

	53 weeks to 31 August 2024	52 weeks to 26 August 2023
Dividend per share (proposed)	7.15p	4.15p
Dividend per share (recognised)	4.50p	4.15p

Financial Review continued

Table E: Adjusting items

£m	53 weeks to 31 August 2024	52 weeks to 26 August 2023
Tuffnells provision	0.2	(0.4)
Network and reorganisation (costs)/credits	(0.1)	0.5
Technology transformation costs	(0.1)	—
Aborted acquisition costs	—	(0.6)
Impairment reversal in investment in joint ventures	0.3	—
Impairment of receivables – McColl's	0.6	—
Total before tax	0.9	(0.5)
Taxation	(0.1)	—
Total after taxation	0.8	(0.5)

Table F: Free cash flow

£m	53 weeks to 31 August 2024	52 weeks to 26 August 2023
Adjusted operating profit	39.1	38.8
Depreciation & amortisation	8.5	9.2
Adjusted EBITDA	47.6	48.0
Working capital movements	(17.0)	(4.9)
Capital expenditure	(4.4)	(3.4)
Lease payments	(5.9)	(6.1)
Net interest and fees	(5.0)	(5.3)
Taxation	(8.5)	(6.6)
Other	0.9	1.1
Free cash flow (excluding Adjusting items)	7.7	22.8
Adjusting items (cash effect)	(0.4)	(1.0)
Free cash flow	7.3	21.8

Table G: Bank Net debt

£m	As at 31 August 2024	As at 26 August 2023
Opening Bank Net Debt	(4.2)	(14.2)
Free cash flow	7.3	21.8
Dividend paid	(10.8)	(9.8)
Investment in joint venture	—	(0.3)
Purchase of shares for employee benefit trust	(3.3)	(1.7)
Closing Bank Net Debt	(11.0)	(4.2)

Adjusted Earnings per
Share

10.3p

(FY23: 10.8p)

Average Net Debt

£11.7m

(FY23: £25.0m)

Free Cash Flow

£7.3m

(FY23: £21.8m)

Earnings per share (Table C)

Adjusted basic earnings per share of 10.3p, was a decrease of 0.5p on the prior year driven by the decrease in earnings of the business and an increase in the average number of shares as a result of the employee benefit trust holding fewer shares.

Statutory basic earnings per share remained at 10.6p (FY2023: 10.6p) due to the above plus higher earnings from the impact of adjusting items.

Dividends (Table D)

The Board is proposing a final dividend of 3.40p per share (FY2023: 2.75p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 16 January 2025 and has not been included as a liability in these accounts. The Board is also proposing a special dividend of 2.0p per share. These dividend recommendations follow the revised capital allocation policy.

The proposed dividends will be paid on 6 February 2025 to shareholders on the register at close of business on 10 January 2025. The ex-dividend date will be 9 January 2025.

Adjusting items (Table E)

Adjusting items before tax was a credit of £0.9m compared to a net cost of £0.5m in the prior year period.

In FY2024, the Company reduced the impairment provision held on the McColl's receivable by £0.6m following information received from the McColl's administrators, reversed the remaining impairment held on the Rascal joint venture of £0.3m and released provisions made following Tuffnells entering into administration of £0.2m. These credits were partially offset by £0.1m of reorganisation costs in relation to simplifying the Group structure and £0.1m in respect of implementation costs for the three-year internal investment programmes highlighted above.

In the prior period, the Company incurred £0.6m of costs for due diligence and legal activity associated with an aborted acquisition and made £0.4m of provisions following Tuffnells falling into administration. These costs were offset by £0.5m of credits relating to provisions releases which were the result of a contract renewal with our shared service centre partner.

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

Free cash flow (Table F)

Free cash flow of £7.3m was £14.5m lower than last year (£21.8m) due to the impact of the 53rd week, which was a net outflow of £15.7m. The 53rd week included payment made to publishers as part of the Company's normal working capital cycle at the end of the calendar month. Free cash flow excluding the 53rd week was £23.0m.

The working capital outflow arose largely from scheduled publisher payments in the 53rd week. Excluding the outflow in the 53rd week, there was a working capital outflow of £0.4m compared to an outflow of £4.9m in the prior year. The difference was due to the timing of receivables due from a major supermarket multiple which are scheduled in calendar months, with the August 2023 receipt falling into the first week of FY2024 and the August 2024 receipt falling into the last week of FY2024.

Capital expenditure in the period was £4.4m (FY2023: £3.4m), an increase of £1.0m due to depot and office refurbishments during the summer of FY2024.

Lease payments of £5.9m (FY2023: £6.1m) decreased by £0.2m driven by network rationalisation activities which involved the closure of one site and the downsizing of another during FY2024, partially offset in the second half of the year by rent reviews.

Net interest and fees of £5.0m (FY2023: £5.3m) decreased by £0.3m, due to lower average net debt and interest earned on deposits partially offset by the impact of arrangement fees incurred on refinancing.

Cash tax outflow of £8.5m was a £1.9m increase on the prior period (FY2023: £6.6m outflow) owing principally to the full year impact of the increase in corporation tax rate from 19% to 25% in April 2023.

Other items relate predominantly to the non-cash share-based payment expense.

The total net cash impact of other Adjusting items was an £0.4m (FY2023: £1.0m) outflow.

A reconciliation of free cash flow to the net movement in cash and cash equivalents is given in the Glossary.

Bank Net Debt (Table G)

Bank Net Debt closed the year at £11.0m compared to £4.2m at August 2023, an increase of £6.8m but including a £15.7m outflow in the 53rd week as outlined above. The Company had a net cash position of £4.7m at the end of the 52nd week on 24 August 2024.

Reported net debt is impacted by the timing of the Company's working capital cycle. The intra-month working capital cash flow cycle generates a routine and predictable cash swing within the overall bank facility of £40.0m at the year end (FY2023: £64.0m). This results in a predictable fluctuation of net debt during the month compared to the closing net debt position.

Average daily bank net debt reduced from £25.0m in the prior period to £11.7m in the current period, a reduction of £13.3m (53%) and reflecting good ongoing cash generation.

Total dividends paid during the year amounted to £10.8m (FY2023: £9.8m), an increase of £1.0m. The FY2023 final dividend of £6.7m was paid in February (FY2023: £6.5m), bringing the total dividend paid in respect of FY2023 to £10.0m. The Company also paid an interim dividend in July 2024 of £4.2m (FY2023: £3.3m).

In the prior period the Company invested £0.3m in Lucid Digital Magazines limited, a joint venture for retailing single copy electronic versions of newspapers and magazines under the trading name LoveMedia.

The Company's Bank Net Debt: Bank EBITDA ratio increased to 0.3x (FY2023: 0.1x). The net outflow in the 53rd week, part of the Company's normal working capital cycle, increased reported Bank Net Debt compared to the prior year as outlined above. The Bank Net Debt: Bank EBITDA ratio covenant of 0.3x is within our main leverage covenant ratio of 2.5x and we remain within all our other bank covenant tests at period end.

A reconciliation of Bank Net Debt (which excludes IFRS 16 lease liabilities and unamortised arrangement fees) to the balance sheet and Bank EBITDA (which uses pre-IFRS16 lease accounting) to the profit and loss account is provided in the Glossary.

Going concern

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

Viability Statement

1. How the Group assesses its prospects

The Group's business activities and strategy are central to assessing its future prospects. These, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 4 to 71. The financial position of the Group, its cash flows and liquidity are highlighted in the Financial Review on pages 60 to 63.

The Group manages its financing via draw-downs from a revolving credit facility. The Group's prospects are assessed primarily through its business planning process. This includes an annual review which considers profitability, the Group's cash flows, committed funding and liquidity positions and forecast future funding requirements over the assessment period of three years. The most recent review was approved in September 2024, and it is part of the Board's role to consider the appropriateness of any key assumptions, taking into account the external environment, current inflationary pressures in the economy and business strategy.

2. The assessment period

The directors have determined that a period of three years to August 2027 is an appropriate assessment period over which to provide its viability statement. This period is consistent with that used for the Group's corporate planning process as detailed above and reflects the directors' best estimate of the future prospects of the business, including the nature and potential impact of the principal and emerging risks that face the business.

The Board noted in considering the appropriate assessment period that the Group's banking facilities are due to expire in August 2027 with the option of two one-year extensions and that publisher contracts covering 91% of revenue are secured (including, in respect of Reach plc titles, pursuant to heads of agreement) until 2029. The Board also considered whether there are specific foreseeable events relating to the principal and emerging risks that could occur beyond this three-year period which should be taken into account when setting the three-year assessment period and concluded there were none.

3. Assessment of viability

In generating its plan, the Board has considered the overall strategy of the Group, the principal and emerging risks and uncertainties inherent within the business, as well as making a number of key strategic planning assumptions which are noted below:

1. Continued decline in volumes of printed media during the assessment period offset by price increases;
2. The impact of inflationary pressures in the economy, including fuel and energy prices and their impact on the Company's delivery and warehouse cost base;
3. The benefit of cost reduction programmes in delivery and warehouse costs and in overheads;
4. The continuing development of new and ancillary revenues;
5. No major changes in working capital profile;
6. No significant acquisitions or disposals in the assessment period; and
7. Application of the Company's current capital allocation policy.

In making this statement, the directors have carried out a robust assessment of the Group's emerging and principal risks, including those that could threaten its business model, future performance, solvency or liquidity, and also considered the impacts of climate change. Consideration has been given to the availability and effectiveness of mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. In assessing the likely effectiveness of such actions, the Board considered the conclusions from its regular review of risk management and internal control systems (as described on page 66).

To make the assessment of viability, 'stress' scenarios have been tested over and above those in the Board's business plans, based upon a number of the Group's principal and emerging risks and uncertainties (as documented on pages 68 to 71). The scenarios were overlaid into the business plan to quantify the potential impact of one or more of these crystallising over the assessment period.

Whilst each of the principal and emerging risks on pages 68 to 71 has a potential impact and has been considered as part of the assessment, only those that represent severe but plausible scenarios were selected for modelling through the business plan. These are shown in the on the next page.

The scenarios in the table are hypothetical and severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group; however, multiple control measures are in place to prevent and mitigate any such occurrences from taking place.

In each of the stress scenarios 1-5, the Group would be able to continue operating within its existing debt covenants and liquidity headroom. Scenario 5 requires such an extreme set of factors in unison that it is considered to be a remote likelihood and, therefore, does not represent a realistic threat to the viability of the Group but, rather, illustrates the factors that could result in a covenant or liquidity breach.

The directors considered mitigating factors that could be deployed to counter the negative effects of the crystallisation of each of these scenarios and risks. The main actions that could be taken in such circumstances include reducing any non-essential capital expenditure and operating expenditure on projects, working capital management to smooth debt peaks (including supplier finance arrangements), cancelling discretionary annual bonus payments, share schemes vestings and EBT purchases, identifying other cost savings, as well as not paying dividends.

Scenario modelled	Link to principal risks
Scenario 1 Changes to retailers' commercial environment	
The business plan assumes all major retailers will continue to stock their current newspaper and magazine range over the assessment period. We have modelled a scenario that reflects one or more supermarket multiples removing their magazine offering.	Risk 2: Macroeconomic uncertainty and Risk 3: Changes to retailers' commercial environment: Deterioration in the macroeconomic environment and the risk of a reduction in sales space and/or full delisting of newspapers and/or magazines by our largest retailers.
Scenario 2 Growth and diversification strategy is not executed successfully	
The business plan assumes profit from strategic growth and diversification activities within the next three years. We have modelled a scenario in which only 50% of these targets are met.	Risk 2: Macro-economic uncertainty and Risk 5: Growth initiatives: Deterioration in the macro-economic environment and/or the failure of the news wholesaling operations to deliver profit expectations impacts the Company's ability to execute growth initiatives.
Scenario 3 Forecast savings targets are not met	
The business plan assumes both operational and overhead savings throughout the period in Smiths News. We have assumed 33% of these efficiency savings are not achieved.	Risk 2: Macroeconomic uncertainty Risk 4: Acquisition and retention of labour and Risk 5: Growth and diversification: The risk that inflationary cost increases, the absence of managerial talent and resources used for new business growth opportunities detrimentally affect the execution of planned cost reduction.
Scenario 4 Increased number of congestion charge zones	
The business plan assumes that new congestion charge zones are implemented at their historic frequency and impact. We have modelled an accelerated frequency and increased fiscal impact.	Risk 6: Sustainability and climate change: The risk that increasingly stringent air quality targets make it more costly for the Company to undertake newspaper and magazine wholesaling activities and growth initiatives.
Scenario 5 Major newspaper titles exit the market	
The business plan assumes all major newspaper titles will continue over the assessment period. We have modelled a scenario that reflects one or more newspapers removing their paper edition from the market.	Risk 2: Macroeconomic uncertainty Risk 3: Changes to retailers' commercial environment and Risk 7: Major newspaper titles exit the market or move to digital only editions: One or more national newspaper titles exit the market and/or publications are taken fully digital, leading to a deterioration in the Company's profitability.
Scenario 6 Reverse stress test – revenue loss, margin erosion and cost inflation in combination to create either a headroom liquidity or covenant breach	
This combines an extreme series of factors in unison to illustrate what would result in a covenant or liquidity breach of the bank facility headroom.	Multiple risks: A combination of risks, also including those relating to Cyber Security and Legal and Regulatory Compliance, both of which are inherently uncertain in value.

5. Viability statement

In light of the scenario modelling noted above, the directors are confident that headroom under the Group's banking facilities remains adequate and covenant tests can be met during the assessment period. As noted above, in making this viability statement the directors have also considered an alternative view by applying a reverse stress test to the Group's financial models. A reverse stress test is where scenarios are considered that lead to a breach of either the total available facility or one or more of the covenants. The directors consider that the risk of the combination of events leading to such breaches combined with the Group not being able to enact mitigating actions is remote.

Taking into account the Group's current position and principal risks and emerging risks, the directors confirm that they have a reasonable expectation that the Group will remain viable over the period of assessment to August 2027.

6. Going concern

The Group meets its day-to-day working capital requirements through its bank facilities of £40m, with an outstanding term of 34 months to 31 August 2027 with the option of two one-year extensions.

The Group's forecasts, taking into account the Board's future expectations of the Group's performance, indicate that there is sufficient headroom within the current banking facilities and the Group will be able to continue to operate within the covenants during the assessment period.

Considering the principal and emerging risks discussed in this report, the directors have a reasonable expectation that the Group and the Company can meet its liabilities as they fall due for a period greater than 12 months (being an assessment period of 16 months) from the date of approval of the Group Financial Statements. Thus, the Group and the Company continue to adopt the going concern basis in preparing its consolidated financial statements which are shown on pages 130 to 169.

Risk Management

Risk management is an ever-evolving process and, in combination with the Audit Committee, the Board conducts a robust assessment of the Company's principal and emerging risks and the effectiveness of the systems and controls in place to manage these risks within the established risk appetite levels established.

Risk Framework

The Audit Committee assists the Board in the discharge of its duties regarding the Company's maintenance of proper systems of risk management. Assurance over the effectiveness of these systems is provided through regular management reporting to the Audit Committee.

We have an established risk management process to identify both risks and opportunities through a bottom-up/top-down approach. This includes a combination of processes encompassing an analysis of trends, engagement with key stakeholders, benchmarking with peers, brainstorming, comparison against standard risk checklists, 'cause and effect' analysis, review of processes and procedures, and the robust maintenance of our developed risk management framework and registers. The risk management process mirrors the Company's operating structure, with each functional area being responsible for the ongoing communication and feedback of their existing and emerging risks.

This process comprises the identification, assessment and effective mitigation of their functional risks, as well as continuous monitoring for forthcoming changes and/or impactful regulatory updates on the horizon. Risks are plotted on risk maps with descriptions, owners and mitigating actions using a risk rating matrix which takes into consideration both the likelihood of the risk event occurring and the magnitude of the impact in the event that the risk event occurs. The final risk rating matrix used to identify principal risks is based on the residual risk that the Company faces after taking into consideration the internal control environment and related mitigating actions and controls.

These risk maps are reviewed and challenged by the Executive Team and Audit Committee and reconciled against the Company's risk appetite. As part of the regular principal risk process, a review of emerging risks (internal and external) is also conducted, and a list of emerging risks is maintained and rolled-forward to future discussions by the Executive Team and Audit Committee. Where appropriate, these emerging risks may be brought into the principal risk registers. Additional risk management support is provided by external experts in areas of technical complexity to complete our bottom-up and top-down exercises.

See the next page for how risks are classified by impact and likelihood

Risk management is embedded in all decision-making processes and captured in our policies, procedures and delegated authorities, with ongoing review by the Board and risk assessments forming part of all growth initiatives.

Internal Controls

The Audit Committee reviews the business's risk management and internal controls framework, which includes the accepted three lines of defence referred to above, with day-to-day business, operational and control processes falling within the responsibility of operational management (who constitute the first line of defence). Executive management and subject matter experts provide policy direction and oversight of operations (thereby representing the second line of defence). Finally, both the internal and external audit functions undertake a review of the effectiveness of the business's control functions and provide the third assurance level in respect of Company disclosures and upon which the Audit Committee and Board can rely. As such, the Audit Committee receives updates of the findings of Internal Audit's investigations at every meeting. Whilst it is the responsibility of functional team leaders to assess and confirm (as first and second lines of defence) that controls and processes are being adhered to, these outputs are continually tested by the Internal Audit team as part of its annual work plan, which is agreed with the Audit Committee and upon which it relies. Compliance with internal control systems is also further monitored annually by the completion of a self-assessment checklist by senior managers in consultation with their respective operational teams and this (together with any areas of concern) is reported to the Audit Committee.

The Company manages risk by operating a three lines of defence risk, control and assurance model.

Operational Management

- Key policies and procedures covering the principal areas of business conduct are approved by the Board and each business function is required to adhere to these policies.
- Management is responsible for regularly reviewing its functional operating, financial and sustainability performance and for preparing and reviewing monthly reports as appropriate.
- All managers are required to complete an annual internal control assessment and provide written confirmation of compliance with Company policies and procedures. This formal confirmation highlights any control weaknesses or deficiencies identified.

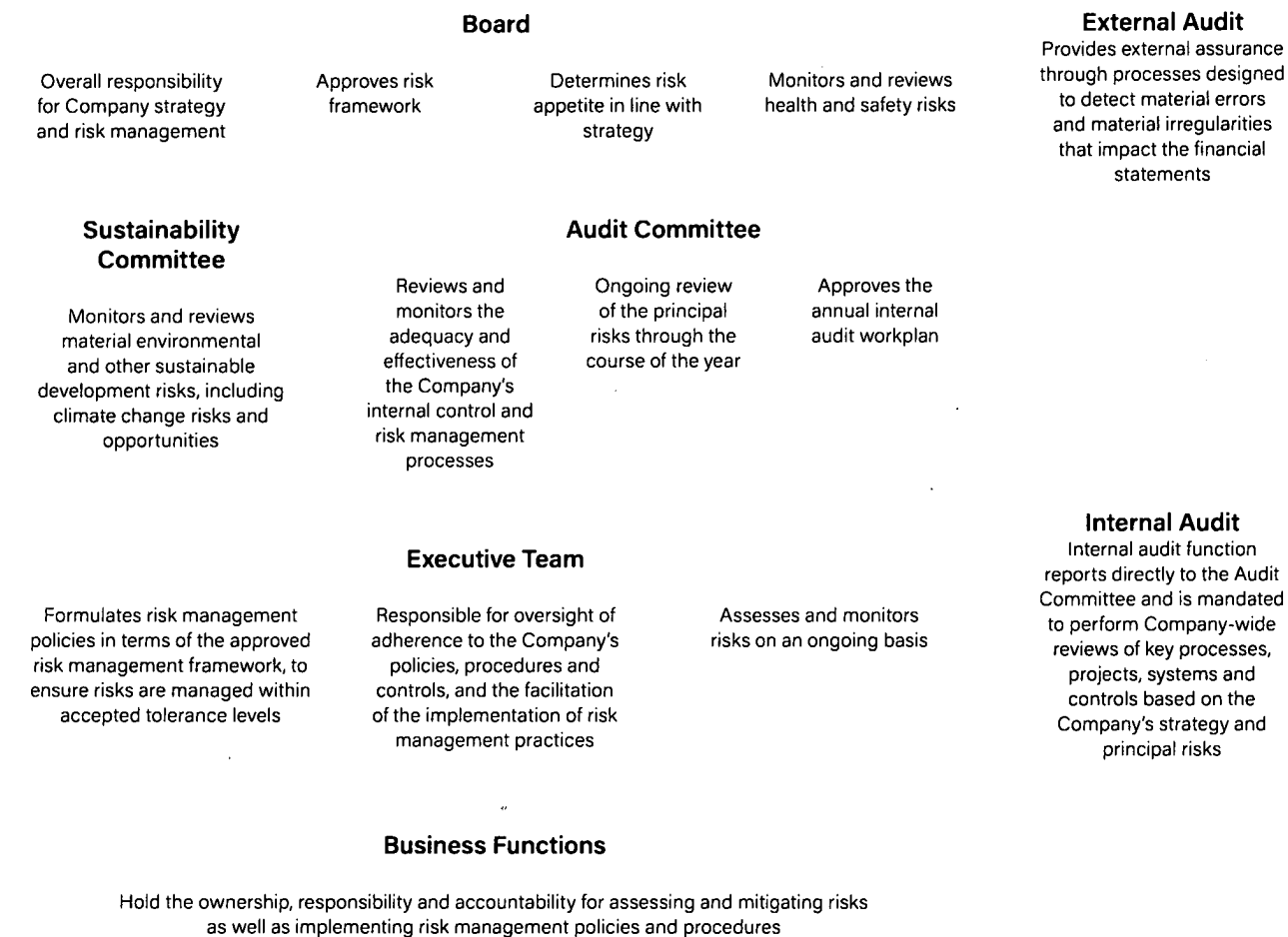
Management / Subject matter experts review and assurance

- Management is responsible for regularly reviewing the operating, financial and sustainability performance, including monthly management accounts.
- Management is responsible for a detailed assessment of current market conditions.
- All significant functional processes have Board-approved policies in place against which conduct and performance are regularly assessed and measured.

Independent assurance

- Internal and external audit.
- Regular reviews and vetting by external regulatory and non-regulatory parties, as required – e.g. ISO certification, annual insurance assessments, sustainable development report assurance and information security programmes.

Risk management is embedded in all decision-making processes and captured in our policies, procedures and delegated authorities, with ongoing review by the Board and risk assessments forming part of all growth initiatives.



Risks are classified by impact and likelihood, a description of which is as follows:

Likelihood:

	Description	%
Highly likely	Event will probably occur in most circumstances	>70%
Likely	Event will occur at some point	30-70%
Possible	Event could occur	10% to 30%
Unlikely	Event may occur in exceptional circumstances	<10%

Impact:

The impact of an identified risk is rated as critical, serious, moderate or minor, with defined criteria for each rating across financial, commercial, operational, technical services, health and safety, people and legal/regulatory categories.

In addition, climate-related physical risks are also classified by further reference to the duration/term, as follows:

Term:

- Short term – < 2028, particularly with a focus on climate-related transition risks and policy frameworks.
- Medium term – between 2029 and 2033, particularly with a focus on climate-related transition risks and policy frameworks aligned to meet climate goals and some limited physical impacts.
- Long term – > 2033, taking into account climate-related science-based projections and physical impacts.

Risk Management continued

Furthermore, the Audit Committee's review of the risk management and internal controls framework include:

- a review of the risk profile, our collective appetite to risk and the internal control framework, reviewing the processes for identifying, evaluating and managing the principal business risks (together with the emerging risks) that we face, including those that would threaten the Company's business model, future performance, solvency or liquidity;
- the consideration of updates from the business and functions, covering current and anticipated risks, together with corresponding mitigating actions. These include such issues as people management, operational depot processes, procure to pay, payroll services, cyber security, climate-related risk events, and the impact of the current high-inflationary economic pressures;
- a review of operational controls, processes and systems, together with robust BCP planning to mitigate a range of service interruption scenarios;
- a review of payroll controls to ensure that they are robust and remain fit for purpose going forward;
- a review of the Company's banking facilities signed in May 2024 and the ongoing impact this has on the Company's going concern and viability assessments;
- a review of the Company's whistleblowing processes and procedures;
- consideration of the cash management and treasury policy, with particular focus on a review of surplus cash held from time to time; and
- a review of the mitigations and controls in place to protect the business and the continued oversight of the effectiveness of our cyber-risk management plans.

That said, the Company's risk management and internal control system is designed only to manage or mitigate risk rather than to eliminate it entirely, as taking on manageable net risk is an inherent part of undertaking the Company's commercial activities and can only provide reasonable (and not absolute) assurance against material misstatement or loss.

A critical element of the Company's risk management review is the determination of the extent to which the Company is willing to 'accept' a level of net risk as part of the cost of 'doing business' and delivering against its strategy. To this end, the Board's individual and collective risk appetite is periodically reviewed, considering changes in the business and the external environment, as well as emerging trends and developing risks.

Our risk appetite differs across the respective principal and emerging risks, with a lower acceptance appetite (seeking to reduce the risk profile and mitigating its impact where possible) for high impact/high likelihood risks and with a higher acceptance level (potentially accepting the risk, with limited impact mitigation) for low impact/low likelihood risks.

Principal Risks

During FY2024 the Board and Audit Committee each continued to undertake an ongoing assessment of the principal and emerging risks, the Board having considered the performance of the business, its markets, the changing regulatory and macroeconomic landscape, the Company's future strategic direction and ambition as well as the heightened climate-related risk environment. In addition, in evaluating the Company's risk management and internal control processes, the Audit Committee has considered both internal and external audit reports and received confirmation from management that the Company's control frameworks have operated satisfactorily. The sustainable development risks considered throughout our business have been reviewed by the Sustainability Committee. The directors are therefore of the view that they have carried out a robust assessment of the Company's emerging and principal risks, including those that could threaten its business model, future performance, solvency or liquidity.

Emerging Risks

Emerging risks are identified as either a new or previously unforeseen risk that we are now adding to our risk registers or a risk that was already on our radar and which has the potential to become a principal risk. Most risks identified as emerging are already reflected on our functional risk registers with a current risk rating of 'serious likelihood' or above. The Board has noted that in the execution of its growth and diversification strategy new emerging risks have been identified. These emerging risks are managed through mitigating activities, such that the residual risk exposure is not considered significant. All new initiatives are planned in detail, with contingency and BCP plans in place and ongoing reviews conducted to evaluate the project execution against the original plan and to identify lessons learnt. We will continue to monitor potential risks relating to our growth and diversification strategy in the year ahead.

Key Changes in the Year

In line with our usual procedures, a refresh of the Company's principal and emerging risks was conducted at the half and full year, taking into account changes in our business practices, our industry sector, the development of our Growth initiatives and any other market changes across our business and industry sector, together with the increasing relevance of climate-related risks and cyber security incidents across all sectors and industries (in relation to the former, considering both transitional and physical-related risks to both our business and through our supply chain).

This broad review was conducted through discussion with a cross-section of the Executive Team and senior management and the Audit Committee, who were each asked to consider the key risks (both in place and emerging) and the challenges facing the business (by reference to the existing principal risks), our current management activities and controls that help address these risks, and future actions that may be taken to further mitigate these risks (where appropriate). The opportunity to review and refresh the Company's principal and emerging risks has resulted in an elevation of the Growth initiatives principal risk for the reasons noted in the table below as well as the identification of potentially a more challenging macro-economic climate (although the principal risk has remained stable) due to the continuing impact of inflationary pressures in the macro-economy and its potential impact not only on the demand-side risk inherent in the print media business but also our ability to maintain high service performance standards and our strategic planning programmes. Following this review, there remains a general alignment around the nature of risks, the risk ownership, the direction of travel, any mitigation actions to reduce the gross risk, and acceptance of remaining net risk.

Furthermore, in line with TCFD requirements, during this review process the Board has also deeply interrogated the nature of climate-related risks identified by management to date, with a view to seeking to better understand the rationale behind both the identification and classification of these risks. The Board appreciates that a small number of transitional and physical-related risks have currently been identified using a scenario analysis (further details of which are set out in the Sustainability report on page 34) which are primarily focused on the business's direct operations. The Board acknowledges that the risk profile of these climate-related risks may well evolve over time as we continue engagement with our key suppliers, customers and stakeholders across our supply chain and particularly after affording an opportunity to more fully consider the impact of these on our business and, more specifically, on and the wider industry sector. However, as part of this oversight process, the Board considered whether the previously established climate-related risks identified in the prior risk management assessment should remain as a principal risk or not. Following a period of review, it was concluded for now that the risk should remain of a principal nature given that, should it ever manifest, it could have a serious impact on the Company; with the Board noting its desire to remain actively focused on the control and mitigation of this risk in any case. Against this backdrop we have also revisited our approach to climate-related risks more generally and have expanded these to include related risks across all our sustainability pillars – for these purposes please refer to our Sustainability report on page 34.

In light of the above, we have therefore been able to maintain a stable number of principal risks but with a reduction in the number of emerging risks identified by the Board given that those events previously identified as emerging were, in fact, already broadly under review either as part of another principal or emerging risk.

Furthermore, as part of this risk assessment process, the Company's ongoing access to capital has been considered within the context of the Company's approach to climate change and while due consideration to ESG-weighted funds were included in discussions as part of this year's refinancing negotiations, it was ultimately not pursued at this time given the additional related reporting requirements, data collection and associated complexity and financial costs associated there with when balanced against maximising access to general capital opportunities at the time of the refinancing.

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

Principal risks and potential impact	Mitigations	Strategic link/change
1. Cyber security		
Global trends demonstrate a continued high volume of cyber-attacks against all industry sectors and that cyber threats continue to indiscriminately evolve. To meet the needs of our stakeholders, our IT infrastructure and data processes need to be flexible, reliable and secure from cyber-attacks. Secure infrastructure acts as a deterrent to, and helps prevent and/or mitigate the impact of, external cyber-attack, internal threat or supplier-related breach, which could cause service interruption and/or the loss of Company and customer data. Cyber incidents could lead to major adverse customer, financial, reputational and regulatory impacts.	• Defined risk-based approach to the information security roadmap and technology strategy which is aligned to the strategic plans. • Regular tracking of key programmes against spend targets and delivery dates. • The Company assesses cyber risk on a day-to-day basis, using proactive and reactive information security controls to detect and mitigate common threats. • Dedicated information security investments and access to third-party cyber security specialists, including 24/7 security monitoring, incident response and specialist testing. • The Company encourages a cyber-aware culture by undertaking exercises, such as computer-based training and simulated phishing attacks and regular communications about specific cyber threats. • All functions that place reliance on business systems have established business continuity plans that set out how to conduct key activities if a system interruption takes place due to a disruptive event such as a cyber-attack.	Strategic link Technology Change Despite ongoing investment and enhancements in the Company's IT infrastructure and IT security the backdrop remains heightened, leading to a stable risk assessment.
2. Macroeconomic uncertainty		
Deterioration in the macro-economic environment could result in supply-side cost inflation and/or a reduction in demand-side sales volumes. Supply-side macro-economic pressures could present the Company with additional cost challenges, e.g. increased competition in the distribution labour market and/or rises in fuel and utility prices. Adverse changes to economic conditions could result in reduced consumer demand for newspapers and magazines and/or reduction in titles/editions. These cost increases and sales pressures present a risk when they cannot be fully mitigated through increased prices or other productivity gains. This could result in deterioration in the level of profitability in both the short and medium term and impacts on the Company's ability to execute its strategies, including level of debt and liquidity objectives.	• Annual budgets and forecasts take into account the current macro-economic environment to set expectations internally and externally, allowing for or changing objectives to meet short- and medium-term financial targets. • Weekly cost monitoring enables oversight and action on a timely basis. • Cover price increases in magazine and newspaper titles provide some offset against the impact of volume decline. • Predictable level of volume decline within the core business enables cost optimisation planning. • Use of fixed-term contracts as a hedge against rapidly rising prices e.g. energy costs. • The Company continues to be significantly cash generating to support its strategic priorities.	Strategic link Costs and efficiencies, Operations Change Whilst the UK economy has returned to growth in 2024 and inflation is now within the Bank of England's target range, increases in the National Living Wage in excess of inflation, the tightening of standards pursuant to the Employment Rights bill together with expected increases (with effect from April 2025) in employers' national insurance contributions recently announced by the Government is expected to add to the Company's cost base.

Key

Increasing

Stable

Risk Management continued

Principal risks and potential impact	Mitigations	Strategic link/change
3. Changes to retailers' commercial environment		
Our largest retailers (e.g. grocers and symbol group members) remain under significant pressure to maximise sales and profitability by channel within their retail stores and at associated sale outlets, such as at petrol forecourt stores. This could result at any time in a category review of the newspaper and/or magazine channel, leading to a significant reduction in newspapers' and/or magazines' selling space-in-store (or its location) in favour of other higher margin products and/or the delisting of all/particular titles of newspapers and/or magazines. A reduction in (or change in location of) sales space and/or full delisting of newspapers and/or magazines by our largest retailers (or a high number of other retailers) could materially reduce the Company's revenue, profitability and cash flow.	• Our EPoS-based returns (EBR) solution has been introduced in-store with our largest retailers, improving staff efficiency in managing the magazine category, thereby reducing cost to the retailer. • Potential to extend EBR to newspapers in order to broaden efficiency-benefits to retailers. • Supply-side shrink activities underway and renewed focus improve channel profitability and reduce complexity associated with the category. • Form stronger partnerships with emerging retailers to stock magazines and newspapers. • Expand retail offering to include single copy digital downloads of newspapers and/or magazines to supplement physical print and category range in-store.	Strategic link: Costs and efficiencies Change
4. Acquisition and retention of labour		
Due to competition and constraints in the current distribution labour market, this could lead to an increased risk of being unable to recruit and/or retain warehouse colleagues and support staff. The same pressures are also being felt in sourcing and retaining delivery sub-contractors as well as filling in-house roles within our central support functions. A failure to maintain an appropriate level of resourcing could result in increased costs, employee disengagement and/or loss of management focus which underpin our ability to address the strategic priorities and to deliver forecasted performance.	• We seek to offer market competitive terms to ensure talent remains engaged. • We offer long-term contracts with our sub-contracted delivery partners. • We use a variety of platforms to recruit employees and contractors. • The level of vacancies across warehouse and delivery contractors is monitored daily. • We undertake workforce planning; performance, talent and succession initiatives; learning and development programmes; and promote the Company's culture and core values. • Retention plans are reviewed to address key risk areas, and attrition across the business is regularly monitored. • Regular surveys are undertaken to monitor the engagement of colleagues.	Strategic link People first, Culture and values, Costs and efficiencies Change
5. Growth and diversification		
A successful growth and diversification strategy is essential to the long-term success of the Company. Implementing new business opportunities in order to grow the Company's revenue and profit streams carries an execution risk to achieving our vision and purpose.	• Strong project management and governance in place to sign-off growth initiatives and oversee their implementation. • A Growth Business Development Group and Growth Operations Delivery Steering Committee have been established to review and control new business opportunities and then plan and measure the impact of these opportunities on core operations. • Experimentation through trials of new business opportunities has been deployed to assess the demand and potential economic benefit of such opportunities. • The Executive Team's balanced scorecard of key performance indicators ensures sub-optimal performance is tracked and monitored on a regular basis and allows appropriate interventions to be made.	Strategic link Costs and efficiencies Change As Growth initiatives become a more significant part of our business, space and capacity constraints at both our sites and in our vehicles will likely increase. In addition, layering in of change projects such as our investment in a Warehouse Management System, and the Operational Excellence programme may create pressure in the short-term before improvements become evident.

Principal risks and potential impact	Mitigations	Strategic link/change
6. Sustainability and climate change – for details of all Sustainability and climate-related risks please refer also to the Sustainability report on page 34.		
Our sustainability linked risks extend beyond the physical and transitional risks associated with climate change which we have previously identified, such as a scarcity of resources, extreme weather events, power outages, increasing regulation and associated cost in response to a drive to 'net zero' carbon emissions and the increasingly stringent air quality emission zones. Regulatory requirements and reporting obligations on environmental, social and governance (ESG) matters are increasing and ongoing investment is required to maintain a safe working environment and to protect the Company from cyber-attacks, as well as making progress in delivering on our diversity and inclusion ambitions. In common with all major organisations, there is a risk of reputational damage and/or loss of revenue if the Company fails to meet stakeholder expectations across our sustainability framework.	- Board Sustainability Committee established (Chaired by the Chief Financial Officer) to consider and determine the Company's sustainability strategy and progress, together with risk environment and activities and actions. - Dedicated management Sustainability Steering Committee established (also chaired by the Chief Financial Officer) coordinates the Company's day-to-day activities and actions in delivering the Company's sustainability strategy, including in relation to climate change. - Working with suppliers to ensure they share the Company's vision to act on sustainability and climate change. - Emissions and air quality targets in UK towns and cities are monitored by a central team in the Operations function which ensures the Company can fulfil its obligations to customers and remain compliant with legal requirements. - Operational sites are reviewed for their resilience to extreme weather events, such as flooding, with upgrades and interventions made where these are cost-effective. Depots are relocated to new sites (e.g. during lease break windows) where this represents a better option than adapting an existing location.	Strategic link: Cost and efficiencies, Operations, Sustainability Change
7. Major newspaper titles exit the market or move to digital only editions		
Significant decline in advertising and/or circulation, together with rising production costs, could lead to one or more national newspaper titles exiting the market and/or publications being taken fully digital. This could lead to a significant deterioration in the Company's profitability and cash flow in both the short and medium term as well as impacting on its ability to execute its strategies.	- We seek to ensure full availability of alternative newspaper titles to maximise substitution opportunities for customers. - Partial mitigation against newspaper title closures is built into our contracts with major publishers. - Ongoing successful execution of our growth and diversification strategy provides longer-term mitigation through alternative profitable revenue streams.	Strategic link Costs and efficiencies Change
8. Legal and regulatory compliance		
The Company is required to be compliant with all applicable laws and regulations. Failure to adhere to these could result in financial penalties, third party redress, and/or reputational damage. Key areas of legal and regulatory compliance include: - GDPR - Health and Safety - Tax compliance - Environmental legislation - Employment law	- Changes in laws and regulations are monitored, with policies and procedures being updated as required. - Business-wide mandatory training programmes for higher-risk regulatory areas. - External experts are used where applicable. - All major policies are reviewed by the Board or Audit Committee on an annual basis. - Operational auditing and monitoring systems for higher risk areas.	Strategic link Technology, Sustainability, Operations Change

The Audit Committee believes that it has been able to respond quickly and efficiently to the ever-evolving risk environment that the business regularly faces head on and have deployed effective risk management processes across the Company. Accordingly, the Audit Committee is satisfied (on behalf of the Board) that it has carried out a robust assessment of the principal and emerging risks that the Company faces (within the scope of the Board's risk appetite) as required by the 2018 edition of the UK Corporate Governance Code.

Chairman's statement on corporate governance

David Blackwood
Chairman

Dear Shareholder

In this section of our Annual Report, I'm pleased to be able to report on the Company's corporate governance overview and approach, including how we adhere to, and apply, the principles of the UK Corporate Governance Code and how the support of our governance framework and the work of our committees ultimately help foster a culture which promotes our purpose and strategy.

The Board has throughout the year continued to lead the business with dedication, focus and integrity, ensuring effective engagement across all stakeholder groups, considering feedback in decision-making and striving to make balanced and considered decisions while, at the same time, delivering a long-term sustainable business. During the year we have revisited the way in which we communicate our strategy and purpose, revising this in a way which seeks to encapsulate where our competitive and economic strengths lie, and providing added clarity to our colleagues and other stakeholders – please see page 22. Despite the undiminished economic challenges and the growing pressure to reduce our carbon footprint, I firmly believe that our governance framework, vision and corporate culture provide the necessary underpin to enable the Company to achieve our strategy and purpose and, in doing so, provide assurance to our stakeholders of our commitment to accountability, transparency and responsibility. During the year, we reached the decision to create a new Board-led sustainability sub-committee, thus ensuring that the necessary resources and focus of the Board are given to our sustainability activities and strategy. I am pleased to report that this sub-committee is functioning well and delivering on its mandate, which is reported on in more detail in the Sustainability report on page 34.

Looking at the composition of the Board, particularly in light of the impending retirement from the Board of Denise Collis (independent non-executive director and Remuneration Committee Chair) at the conclusion of the 2025 AGM as she approaches the expiry of her nine-year term, and our aspiration to increase the level of Board diversity in a thoughtful and structured manner aligned with the tenures of our non-executive directors, I remain acutely aware of the expectations around gender and ethnic diversity. I can, therefore, confirm that we have commenced a recruitment search process which will seek to identify a suitable candidate to join the Board, who will contribute positively to the broad range of competencies, skills and experiences, particularly as we embrace the future needs and strategic direction of the business and, in so doing, also serve to improve the level of diversity on the Board. In this regard, I refer you to both the Corporate Governance report which follows this overview and also in the Nominations Committee report on page 94 where I talk about these matters in more detail.

Health & safety performance remains a core focus for the Board, and we continue to monitor all incidents and accidents as a standing agenda item at Board meetings. Overall, we have seen a year-on-year reduction in the number of injuries and total accident frequency rate over the last three years, being testament to our dedication to continuous improvement in this area (FY2022: 2.64 accident frequency rate (per 100,000 hours)), FY2023: 2.44, FY2024: 2.29). The slight increase seen this year in RIDDOR reportable incidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) we believe to be a normalisation after the COVID-19 impacted years and previous enforced segregation of colleagues. During FY2025, the Board will continue to closely monitor health & safety performance. Whilst focusing on our colleagues, I would like to again acknowledge the economic challenges which continue to impact our workforce.

In response to this, we have continued to address benefits and remuneration as part of our series of engagement activities with colleagues, with the Company undertaking a benefits survey for the first time, the survey results representing both a good response rate amongst our colleagues and providing the opportunity for us to use this data in order to develop an action plan for activities and further positive engagement during FY2025. The focus for our benefits briefings (known as 'roadshows') to colleagues throughout the year was 'Financial Fitness', with the Company seeking to support colleagues for them to get the most out of the benefits structure and offerings made available by the Company. Looking at our latest engagement score for the business in April 2024 of 66% (which represents a 9% increase since the previous engagement survey and the highest score for the business during my time on the Board) we are particularly encouraged with the results, which provide another strong endorsement of the levels of action and activities undertaken by management since the last survey. Supplementing our endeavours focusing on our colleagues, we have also continued to support our workforce through our colleague support fund and more details in this regard can be found in the Sustainability report on page 34.

As we further develop our growth and diversification strategy, we have also recognised the need for technology transformation across our business platforms to support new processes and initiatives. To this end, we have committed funding for the implementation of new, modern and highly capable systems across the core business functions of warehouse, transport and customer management, along with associated business analytics. These new platforms are designed to be flexible and scalable to support growth and efficiencies. Colleagues and stakeholders will start to see the positive impact of these investments during FY2025 and into FY2026 and beyond.

In closing, I would like to extend my gratitude, and that of the Board, to Denise Collis for her unstinting support and contribution to Smiths News, both as a member of the Board and as Chair of the Remuneration Committee and to wish her the best for her future endeavours. Once again, I would also encourage all shareholders to attend and vote at the forthcoming AGM, either in person or by using the various electronic methods of engagement allowing you to exercise your vote and ensure your voice is heard. I look forward to seeing you there. Finally, on behalf of myself and the Board I would also like to thank everyone connected with Smiths News for their contribution to another good and disciplined performance in the year.



David Blackwood
Chairman
4 November 2024

“The Board has continued to lead the business with focus and integrity, ensuring effective engagement across all stakeholder groups, considering feedback in decision-making and striving to make balanced and considered decisions while delivering a long-term sustainable business.”

Corporate governance

Our culture and values underpin and determine the way that we do business.

Framework

Governance is not a stand-alone concept but, rather, it is a holistic approach which encompasses our structure, principles, systems, ways of working and methodologies and our policies and procedures. Together, these create a framework that underpins our culture and values and determines the way that we do business and how we may prioritise our responsibilities to all our stakeholders.

Leadership and oversight

The Chairman has overall responsibility for the management and operation of the Board which, in turn, oversees the Company's strategy and operational and financial performance. In doing so, the Board manages business and process requirements through a formal schedule of reserved matters for its decision-making.

A nominated Senior Independent Director (SID) provides additional support to the Chairman in the delivery of the Board's objectives. For more information on the composition, roles and responsibilities of the Board and the division of responsibilities between the Chair/CEO, as well as to access the internet links referred to above, please refer to our website (Corporate Governance - Smiths News) or, if you are reading this electronically, please click on the relevant links.

The Board and its Committees receive regular reports from functions and managing steering committees from across the business. Detailed agenda planners are approved annually in advance and revised monthly to ensure that all compliance, regulatory and operational matters are adequately and timeously addressed in a manner that ensures the Board has full knowledge and oversight of the Company's activities, including the impact of decisions on all stakeholders.

The Chief Executive Officer leads our business and oversees daily operations and the Company's objectives. The CEO is ably assisted by the Executive Team which focuses on the development and implementation of strategy; financial and operational performance; risk management; commercial developments; talent review, diversity & inclusion, and succession planning; sustainability; and organisational development.

The Senior Leadership Team, assisted by functional experts, oversees day-to-day operational, commercial and functional activity.

Management Sub-committees/Steering Committees report into the Executive Team and, in turn, to the Board and its Committees.

They function on a formal basis, comprising cross-functional membership, led by a Chairman and adopting terms of reference and appropriate governance standards and record keeping. Examples of these sub-committees include a Business Development & Growth Committee, Operations Executive and People Executive Committees, Investment Committee, Policy Steering Group, Sustainability Steering Group and various colleague engagement forums and groups. In addition, we also engage one-off project teams which function in a similarly structured manner but which are established to deal with one-off or short-term projects.

Board

Remuneration Committee

Determines directors' and senior management's remuneration strategy and policy
Oversees the implementation of our remuneration policy
Reviews workforce remuneration, Related policies and the alignment of incentives and rewards with culture
See pages 98 to 117 for report
→ [See our website for full terms of reference](#)

Audit Committee

Oversees our risk management framework and system of controls
Ensures the accuracy of our financial statements and non-financial disclosures
Monitors and reviews the effectiveness of the internal and external auditors
See pages 86 to 93 for report
→ [See our website for full terms of reference](#)

Sustainability Committee

Oversees the Company's Environmental, Social and Governance strategy
Monitors progress against key performance indicators
See pages 32 to 59 for report
→ [See our website for full terms of reference](#)

Nominations Committee

Makes recommendations to the Board for executive and non-executive appointments and succession planning
Promotes employee engagement and diversity
See pages 94 to 97 for report
→ [See our website for full terms of reference](#)

Disclosure Committee

Monitors and oversees the Company's compliance with the Market Abuse Regulation (as in force in the UK) and the consideration of inside information procedures and disclosures
See page 78 for report
→ [See our website for full terms of reference](#)

Approvals Committee

Responsible for approving delegated Board matters

CEO and Executive Management Team

Day-to-day management of the Company

Management Sub-Committees/Steering Committees

Corporate governance continued

Composition, attendance and evaluation

Board of directors

After a period of nine years on the Board, Denise Collis is not expected to stand for re-election at the forthcoming AGM in January 2025, having reached the end of a nine-year period beyond which the 2018 Corporate Governance Code expects Ms Collis' independence requirements to potentially be seen to be impaired. As a consequence, the Board has commenced a search process, led by the Chairman, for the recruitment of a suitable candidate who would be able to join the Board, however at the time of reporting a suitable appointment has yet to be made.

N R S

David Blackwood Chairman

Year of appointment: 2020
Gender: Male
Ethnic origin: White
Citizenship: British
Disability: None

David has extensive business and listed company experience, notably in Finance, Audit and Risk. David uses his experience and knowledge to lead the Board in reviewing and approving management's plans for the development of the Company's strategy and operational and financial performance. As Chair of the Nominations Committee, David is also responsible for leading the assessment of the capabilities and skills of the executive and non-executive leadership, and for longer-term succession planning.

Most recently, David has been a non-executive director of Dignity plc (until June 2020), Scapa Group plc (until April 2021) and The Go-Ahead Group plc (until October 2022) where, in respect of Dignity and Scapa he served as chair of the audit committee and as a member of the Go-Ahead audit committee and, otherwise in each case, as Senior Independent Director and as a member of the nomination and remuneration committees. He was formerly Chief Financial Officer of Synthomer plc where he was employed for seven years, stepping down in 2015, prior to which he held a number of senior roles within Imperial Chemical Industries plc (ICI). David has also previously served as a member of the Cabinet Office Audit and Risk Committee and on the Board for Actuarial Standards.

He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a Fellow of the Association of Corporate Treasurers (ACT).

Other current appointments
 None

AP D S

Jonathan Bunting Chief Executive Officer

Year of appointment: 2010
Gender: Male
Ethnic origin: White
Citizenship: British
Disability: None

Jonathan has broad commercial and operational leadership skills, combined with extensive experience gained within the newspaper and magazine distribution industry, experience which is critical for the long term development and execution of the Company's strategic plans.

Jonathan joined WH Smith News in 1994. He rose through the organisation in a variety of sales and marketing managerial roles before being promoted to the executive management team in 2001. In April 2014, Jonathan became Managing Director of the Connect News & Media division and, subsequently, Chief Operating Officer in September 2017, a position which spanned wider group business interests held at the time, together with Smiths News. Following his appointment as Interim Chief Executive Officer on 5 November 2019, this appointment was confirmed on 15 June 2020.

Other current appointments
 None

AP D S

Paul Baker Chief Financial Officer

Year of appointment: 2021
Gender: Male
Ethnic origin: White
Citizenship: British
Disability: None

Paul is a highly experienced senior executive, with extensive and relevant financial and business transformation experience, most recently as Integration Director at Compass Group plc. Prior to that, he held various regional and divisional Finance Director roles within each of Compass Group (2013 to 2021), Iglo Group/Birds Eye Limited (2011 to 2013) and Cadbury Schweppes PLC (1997 to 2010).

Other current appointments
 None

Committee key

- (A) Audit
- (N) Nominations
- (R) Remuneration
- (S) Sustainability
- (D) Disclosure
- (AP) Approvals
- (C) Chair

A N R S

Mark Whiting
Senior Independent
Non-Executive Director

Year of appointment: 2017
Gender: Male
Ethnic origin: White
Citizenship: British
Disability: None

Mark has gained extensive finance and operational experience at a senior level within a number of diverse businesses. He brings recent and relevant financial expertise required to lead the Audit Committee.

Mark was most recently the Chief Financial Officer of Interserve PLC and has previously been the Deputy Chief Executive Officer and Chief Financial Officer of Premier Farnell plc. He was a non-executive director of Future plc until December 2014 and the Senior Independent Director of Hogg Robinson Group PLC until July 2018, in both cases acting as chair of the respective audit committees as well as serving on their nomination and remuneration committees. In addition, Mark has been Chairman and non-executive director of Xpediator PLC from September 2021 until March 2022 and member of its remuneration committee.

Other current appointments
 None

A N R S

Denise Collis
Independent Non-Executive
Director

Year of appointment: 2015
Gender: Female
Ethnic origin: White
Citizenship: British
Disability: None

Denise holds a wealth of business experience with a particular focus on people and talent management, development, retention and reward. She therefore has the relevant knowledge and experience required to lead the Remuneration Committee, a position she has also held with SThree PLC (since September 2016).

Denise was Chief People Officer at Bupa, the global healthcare business, from May 2010 until December 2014. Prior to that, she was the Group HR Director for 3i Group plc and a partner at EY. She has also held senior HR roles at a number of other leading organisations including Standard Chartered Bank and HSBC.

In addition to the appointments noted above, Denise was also a non-executive director and chair of the remuneration committee for EMIS Group plc from October 2021 until its successful sale to UnitedHealth Inc in October 2023.

Other current appointments

- SThree PLC, senior independent non-executive director and chair of remuneration committee
- British Heart Foundation, chair of remuneration and people committee

A N R S

Michael Holt
Independent Non-Executive
Director and designated
Colleague Engagement NED

Year of appointment: 2018
Gender: Male
Ethnic origin: White
Citizenship: British
Disability: None

Michael possesses relevant commercial and operational experience gained within the logistics and distribution industries. With his detailed understanding of the distribution sector and its opportunities and challenges, Michael provides an independent voice and commercial sounding board in the development and execution of the Company's strategy and business ambitions.

Michael was formerly Chief Operating Officer of FedEx Express, Europe until the end of September 2018 and held a number of other senior executive roles with FedEx Corporation from 2006, including co-chair of the Global integration Committee (responsible for the harmonisation of physical operations to the terms and conditions of employment). Prior to that, Michael held senior executive roles at a number of leading logistics organisations including ANC Group, where he was instrumental in leading the turnaround of the business from a position of loss-making to industry leading margins and strong profit recovery prior to its successful sale to FedEx in 2006.

Other current appointments
 None

A N R S

Deborah Rabey
Independent Non-Executive
Director

Year of appointment: 2023
Gender: Female
Ethnic origin: White
Citizenship: British
Disability: None

Deborah possesses a wealth of experience across supply chains, global sourcing, change management and general marketing, particularly within the retail sector, having spent 23 years with Tesco PLC (to October 2022), of which 14 years were at director level positions, notably as UK Category Director, General Merchandise. She was most recently Chief Customer Officer at Wilko, the mixed-goods retailer.

Other current appointments
 None

Stuart Marriner
Company Secretary and
General Counsel
Background and experience

Stuart joined the business in October 2008 and is responsible for business, legal and regulatory support. Prior to joining the Company, he had spent four years as a corporate finance solicitor, including extensive periods on secondment with Somerfield Stores and Punch Taverns. Stuart was appointed as Company Secretary and General Counsel on 1 September 2011 and continues to lead the legal and company secretariat teams.

Corporate governance continued

Gender and ethnicity diversity

The Board is a strong supporter of diversity and inclusion (D&I) across the business and welcomes D&I being a key focal point of positive change.

In relation to its own composition, the Board has noted its current non-compliance with the requirements under the Listing Rules (see UKLR:6.6.6R(9) and the FCA Diversity Targets 2022) which are targeted at encouraging enhanced disclosures and positive action in relation to gender and ethnic diversity at Board level.

Despite having successfully met the Board's diversity policy of having two female members on the Board following Deborah Rabey's successful appointment in March 2023 and notwithstanding that recent evaluations confirm that the Board is, once again, operating effectively and in accordance with good corporate governance principles, the Board acknowledges that meeting the stretching targets of UKLR:6.6.6R(9) in the short to medium term is unfortunately likely to prove challenging given both the current size and structure of the Board (which is considered optimal and efficient for a company of our size) and the general challenges being faced by the broader corporate market to meet these common defined targets, which has inevitably resulted in fierce competition in the recruitment market for a pool of diverse talent that is naturally limited by the size, nature, location and profile of our business.

At the conclusion of FY2024 the Board's female representation is noted in the table on the right.

In light of Denise Collis (independent non-executive director and Remuneration Committee Chair) retiring from the Board at the conclusion of the January 2025 AGM, and as previously mentioned, a recruitment process targeting suitable diverse candidates has been commenced and it is envisaged that this may provide an opportunity to further address female representation on the Board and also address the current shortcomings against the stretching diversity targets of UKLR:6.6.6R(9).

Board attendance

The tables on the right show the attendance of directors at Board and Committee meetings held during the year, the independence status, gender, tenure on the Board and a snapshot of the skills and expertise of the Board as a whole.

In accordance with the provisions set out in the 2018 edition of the UK Corporate Governance Code, at the time of his appointment to the Board as Chairman, David Blackwood was independent. The Board considers that all non-executive directors are **independent**. The Board has formal procedures for the declaration, review and authorisation of conflicts of interest of Board members. Conflicts are considered and, where appropriate, authorised by the Board on an annual basis. In addition, directors are requested to declare any conflicts at the start of all Board meetings. The Board was satisfied that none of the directors had any conflict of interest during the year. For details of current situational conflicts notified by the directors please see the Other Statutory Disclosures on page 118.

Board evaluation

Following an externally facilitated Board evaluation process during FY2022, this year included an internally facilitated process in keeping with the three-year external evaluation cycle, ahead of an expected external evaluation review of the Board in FY2025. Each member of the Board was invited to participate in an online evaluation questionnaire which covered the performance of both the Board and its Committees, with the approach having been benchmarked against industry evaluation templates and with a focus on areas which had previously indicated possible scope for improvement, including Board composition and diversity, succession planning, risk appetite, and what successful diversification may look like for the Company. As part of this evaluation process, the Board endorsed a number of action points to promote ongoing continuous improvements in its way of working and as part of being able to continue to promote good corporate governance principles, noting that succession planning and diversity (likely heavily influenced by the current tenures of some of the non-executive directors as they approach the 'nine-year independence' rule under the provisions of the 2018 edition of the UK Corporate Governance Code) and organisational design (specifically, with reference to capability and business structure in order to be able to successfully deliver the Company's diversification and Growth strategy) each continue to be areas demanding increasing attention and identified as being of particular importance to the Board in the short to medium term.

Furthermore, taking into consideration the importance of the current Growth initiatives together with the Board's collective ambitions for diversification within business adjacencies and the current trajectory of these initiatives, it was noted that collective behaviours which manage an appropriate balance of organic and inorganic opportunities, overlaid with the Board's risk appetite could again be an area of focus/review in FY2025. In addition, the Chairman held one-to-one discussions with each Board member and while each director can discuss any development needs with the Chair at any time, this annual review process provided a more formal opportunity in which to discuss both individual and collective performance and development needs. In addition, as part of the review, each director was encouraged to strengthen and refresh their business, commercial and regulatory knowledge by attending any workshops, seminars and courses relevant to their respective roles, details of the availability of these are provided regularly by the Company Secretary. Overall, having reflected on the evaluation, the Board agreed that the consistently high scores across all topics reinforce the generally-held position that the Board appears to be operating effectively and in accordance with good corporate governance principles.

Female representation

	2024	2023	2022	2021
Board	29%	29%	17%	17%
Executive Team	33%	33%	33%	22%

Board and Committee meeting attendance

	Scheduled Board meetings	Special Board meetings	Committee meetings			
			Audit	Nominations	Remuneration	Sustainability
Number of meetings	10	0	4	2	4	2
David Blackwood	10	0		2	4	2
Denise Collis	10	0	4	2	4	2
Michael Holt	10	0	4	2	4	2
Mark Whiteling	10	0	4	2	4	2
Deborah Rabey	10	0	4	2	4	2
Jonathan Bunting	10	0				2
Paul Baker	10	0				2

Key skills & expertise

Governance _____
Risk _____
Financial _____
Culture & Values _____
Health & Safety _____
Strategy _____
Distribution / Logistics _____
People /Talent _____
Sustainability _____
IT _____
Retail & Commercial _____

Balance of Board**Members by gender****Tenure**

Corporate governance continued

Director appointments and training

The Board's director appointment and induction programme includes a comprehensive and up-to-date 'Directors' Toolkit', which is supplemented with governance and business documentation, one-to-one meetings and on-site visits to some of the Company's operational sites and support locations, as appropriate. The objective of the induction process is to enable new appointees to gain the necessary insight and knowledge required to make as full and effective a contribution as possible to the Board upon their appointment and to gain an understanding of Smiths News' business and strategy, culture, risk areas and priorities. The Company Secretary participates in the induction process, covering issues such as directors' duties, share dealing procedures, managing conflicts of interest and a walk through of key policies. No director is appointed or nominated by a stakeholder, with all director appointments being identified through, and only appointed following, an extensive external search agency process.

Selection decisions are based on merit and the Board strives to ensure that recruitment activities are fair, transparent and non-discriminatory. The Board understands the importance of succession planning which is an objective process based on merit and the assessed skills, experience and needs of the business and the Board at the time, while seeking to promote and uphold our policies, including that relating to equality, diversity and inclusion across multiple criteria. Please see the Nominations Committee report on pages 94 to 97.

As part of the conditions of their appointment, all directors are required to resign annually and, if applicable, to offer themselves for annual re-election by shareholders at Annual General Meetings, where letters of appointment for each non-executive director are also available for inspection. Set out in the Notice of Annual General Meeting for 2025 is information on the skills and experience of each director seeking re-election.

Training and development are important objectives of the Board in ensuring both its ongoing effectiveness and that the Board represents and possesses the right balance and combination of skills and knowledge, with specific skills development identified on an ongoing basis.

During FY2024 each of the directors, Executive Team members and selected colleagues participated in training sessions held in order to better understand the oversight and reporting requirements associated with emissions and energy consumption. Specific training briefings from both management and external experts are supplemented by directors sharing developments and regulatory updates within their areas of expertise with fellow Board members. A quarterly newsletter containing a summary of current topical issues is circulated and individual directors are encouraged to raise any specific training needs.

Focus areas in FY2024 included developments within the sustainability reporting standards, the onset of artificial intelligence and technology developments, various discussion papers from government agencies (e.g. dematerialisation, share schemes, FRC focus areas (e.g. minimum standards for audit committees, new listing regime reform and the FRC's review of the UK's Corporate Governance Code), risk management as well as shareholder trends and expectations, annual reporting expectations and new legislative developments.

The Company Secretary and General Counsel is responsible for the timely and complete distribution of information to the Board and all directors have direct access to the Company Secretary for advice, including independent professional advice where appropriate, at the Company's expense.

The Board is ultimately responsible for oversight of our Company culture and values set out below. The Board and the Executive Team collectively recognise the importance of a positive and inclusive culture for our business, putting our values at the forefront of all our stakeholder engagements, treating everyone with dignity and respect and collectively striving to provide the best possible service in all we do and at all times, in each case within an environment which allows everyone to develop and grow.

Monitoring and embedding our culture and values: - We engage with and listen to our stakeholders, helping to identify and address key themes, issues and views (see Stakeholder engagement report on page 22) - We challenge and support management in the institutionalisation of our values across the business - We hold management accountable for the way in which the Company conducts business	We have a system of tools summarised below which help to corroborate and measure how well our values and culture are embedded throughout our organisation and to assist in determining the effectiveness of our policies and procedures, to gain a more informed perspective of colleague issues and concerns, to assess the outcomes of proactive and remedial activities and to ensure insight into the priorities of our stakeholders in general.	
	Management oversight	The Board ensures that functional teams within our business are both empowered and resourced appropriately to support our values and receives regular reports demonstrating behaviour throughout the Company (e.g. Health & Safety, Internal Audit, sustainability, whistleblowing, operational and financial performance, risk etc). Please refer also to our Audit Committee report on page 86.
	Policies and procedures	Our values and culture are supported by a number of policies and procedures including our Code of Conduct, Conflicts of Interest, Anti-Bribery and Whistleblowing policies, which are together strengthened by accredited e-learning modules (e.g. anti-bribery and corruption, money laundering prevention, competition law, data protection and information security and Dignity and Respect modules). Our Procurement policies (which reference our Modern Slavery Statement) make clear our expectations for our supply chain network with regard to business practices and what our suppliers and customers can reciprocally expect from us in the way that we interact with them. Customer complaints are reviewed and followed up, with potentially serious matters being brought to the attention of the Board.
	Talent and performance management systems	We have a culture and value lens in our performance management system, comprising a dedicated area of assessment challenging colleagues to consider how their actions align with our values. For more information on how we measure and report on human capital metrics please refer to our Sustainability report on page 34 and our Directors' Remuneration report on page 98.
	Risk management and Internal Audit processes	We maintain strict financial discipline and risk management processes throughout the business and do not tolerate breaches of our rules or procedures, nor do we encourage short-cuts to be taken. Our Internal Audit function is both independent and accountable and communicates any concerns about the values and culture to the Board.
	Strategy development	Any impact on our values and culture is considered as part of our strategic development and the pursuit of diversification and growth opportunities. The Board seeks assurances that our operational and strategic priorities are aligned with our values and that our business model and practices remain compatible with our values.
	Holding to account	Please refer to the detailed section on whistleblowing which is included on page 40 of the Sustainability report.
	Walking the floor	Whilst the tools noted above are helpful measures to embed and promote our culture and values, there is no substitute for 'walking the floor' and directly engaging with our stakeholders. To this end, during the year the Board has undertaken periodic visits to our operational sites, hosted 'breakfast briefings' with functional teams, as well as conducted direct one-to-one engagements with our largest shareholders, publisher clients, retail customers and colleagues – see Stakeholder Engagement table on page 22.

Corporate governance continued

Culture and Values

Quick	Creative	Trusted
Make informed decisions and act quickly. Be agile in the way we work together and deliver for our customers.	Be imaginative, curious and adventurous. Develop inspirational ideas and innovative solutions.	Safe, reliable and responsible. Take pride in our work and do the right thing for each other and our customers.
Open	Friendly	Fair
Share your thoughts freely and stay open to new ideas. Listen to others, be positive and engage in communications.	Have fun and be helpful. Enjoy working together to deliver a great performance.	Be inclusive, honest and respectful to everyone, whatever their role or experience.

Set out in the Board's activities for the year below we identify areas where the Board has actively supported our values and addressed our principal risks.

Board Activities in FY2024	Supporting our Values	Addressing principal risks For key, please refer to pages 69 to 71 of the Risk Management report
Governance		
• reviewed directors' conflicts of interest		1
• reviewed terms of reference of Board committees and matters reserved for the Board		2
• reviewed cyber security preparedness and mock simulation outputs		5
• reviewed various policies, including the Whistleblowing Policy and procedures manual (received and reviewed whistleblowing reports and activities)		6
• approved the interim financial results and the Annual Report & Accounts		8
• reviewed corporate social responsibility, with specific focus on human capital, customer relations, climate change and business ethics and overall Sustainability KPIs		
• received reports from the Company's advisers, including its corporate brokers		
• monitored engagement with stakeholders, including responses to our 2024 AGM and voting outcomes		
• received updates on the impact to stakeholders of operational and strategic matters		
• reviewed the internal evaluation of the Board and its committees		
Finance		
• considered and approved our trading statements, half year and full year reports		2
• oversaw a successful refinancing		5
• reviewed the treasury and tax functions and performance, including funding, liquidity and insurance approved and monitored budgets and business plans		8
• considered the declaration of dividends and the merits of other forms of distribution		
• reviewed financing structures and external financing arrangements		
• oversaw financial performance, legal and regulatory matters		
• revisited and revised regulatory policies relevant to our business operations, including in relation to tax, capital allocation/ dividend policy, anti-bribery and anti-trust		
• considered mitigations to the current inflationary environment		
Business Review, Performance and Strategy		
• approved and monitored progress against management's key business imperatives		2
• considered business growth and development opportunities		4
• considered and approved a revised capital allocation strategy		5
• reviewed the sustainability strategy and KPIs for FY2025		6
• reviewed performance and reward		7
• reviewed business continuity plans		8
• considered new publisher contract renewals and terms of market announcements		

Board Activities in FY2024

Audit, Internal Controls and Risk

- reviewed business-wide risks, risk appetite and mitigating actions
- received reports from the Audit Committee Chair
- ongoing assessment of the effectiveness of internal controls and processes
- monitored health and safety strategy and periodic performance through monthly board reports
- monitored cyber security and data protection compliance
- approved the going concern statement and assessment of viability, valuation of investments and principal and emerging risks
- reviewed performance of the statutory auditor and received and considered recommendation for their appointment and fees

People

- received regular updates from the Remuneration Committee on remuneration and performance
- considered health and safety related matters, elevated from the Audit Committee in FY2023
- considered and approved various employee share awards (SAYE, LTIP and deferred bonus)
- reviewed employee engagement and employee satisfaction survey results
- supported equality, diversity and inclusion
- received reports on colleague engagement forums and considered ways to refresh the engagement process, to enhance contributions from participants
- commenced the recruitment process for a new non-executive director

Supporting our Values

Addressing principal risks

For key, please refer to pages 69 to 71 of the Risk Management report

1
2
3
8

1
4
8

Creating sustainable value with our stakeholders (S172 of the Companies Act 2006)

The Board remains committed to both the intent and spirit of s172 of the Companies Act 2006, with stakeholder engagement identified as a priority in the Board's decision-making processes and, in doing so, the Board seeks to consider the interests and competing views of all relevant parties who may be potentially impacted. This includes ensuring that the Board (and each director) has a good understanding of the views of, and impact on, all stakeholders, coupled with an unwavering commitment to their primary duty to act in good faith and in a way which is likely to promote the success of the Company and is to the benefit of its members as a whole. Please refer to our Stakeholder Engagement/Section 172 report (see page 22) which sets out our key stakeholders, how we have engaged with them and the critical feedback which has impacted our strategic decisions and long-term success.

Compliance with the UK Corporate Governance Code

Compliance statement

The Company confirms that, throughout the 53-week period ended 31 August 2024, it has complied with all of the principles and provisions of the 2018 edition of the UK Corporate Governance Code (the Code). The application of the Code's principles by the Company is set out and evidenced throughout this Annual Report and the table below includes cross-references to other parts of the Annual Report (where relevant) to assist readers with reviewing our compliance during the reporting period.

The Board however remains mindful of the Board diversity requirements under the Listing Rules (see UKLR:6.6.6R(9)) and FCA Diversity Targets 2022) which are addressed in this report under the gender and ethnicity diversity section above.

The Board further notes the terms of a revised UK Corporate Governance Code 2024, published by the FRC in January 2024, the majority of which will apply to the Company from 31 August 2025. Accordingly, as the new Code will only apply to financial years beginning on or after 1 January 2025, for the FY2024 period under review the Company will continue to report against the 2018 version of the Code.

A copy of the 2018 edition of the Code can be found on the Financial Reporting Council's website at → www.frc.org.uk.

Corporate governance continued

Board Leadership and Company Purpose

Principle A

A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

Board of Directors pages 76 to 77
Appointments, Training and Succession page 80
Board evaluation page 78

Principle B

The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, led by example and promote the desired culture.

Vision, strategy and business model pages 02 to 04
Culture and values page 81

Principle C

The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

Business Model page 04
Our Governance Framework page 75
Risk Management pages 66 to 71

Principle D

In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

Stakeholders page 22
Section 172(1) Statement pages 22 and 83

Principle E

The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Spotlight on Smiths News page 02
Vision Strategy and Business model pages 02 to 04
Sustainability report (People Pillar) page 34
Whistleblowing Policy page 40
Risk Management report pages 66 to 71
Culture and values page 81
Stakeholder Engagement report page 22
Conflict of Interests page 78

Division of Responsibilities

Principle F

The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

Board Roles and Responsibilities page 74
Chair's introduction to governance page 72
Board evaluation page 78

Principle G

The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business

Board Roles and Responsibilities page 74
Non-executive directors pages 76 to 77

Principle H

Non-EDs should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Board Roles and Responsibilities page 74
Non-executive directors pages 76 to 77

Principle I

The board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Our Governance framework page 75
Information flow to the Board page 74
Independence of Directors page 78
Senior Independent Director page 74
Board Meetings page 79
Independent Advice page 80

Composition, Succession and Evaluation

Principle J

Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Succession pages 76 and 78
Inclusion and Diversity page 78

Principle K

The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

Board Composition pages 76 to 77

Principle L

Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Board evaluation page 78
Succession pages 76 and 78
Nominations Committee pages 94 to 97

Audit, Risk and Internal Control

Principle M

The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

Audit Committee report pages 86 to 93

Principle N

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

Fair, Balanced and Understandable reporting page 122

Principle O

The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Going concern page 63
Viability pages 64 to 65
Risk Management pages 66 to 71
Directors' Remuneration report pages 98 to 117
Audit Committee pages 86 to 93
Governance framework page 74
Fair balanced and understandable reporting page 122

Remuneration

Principle P

Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

Directors' Remuneration report pages 98 to 117

Principle Q

A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

Directors' Remuneration report pages 98 to 117

Principle R

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Directors' Remuneration report pages 98 to 117

Approval

This report was approved by the Board and signed on its behalf by:



David Blackwood
Chairman

4 November 2024

Audit Committee Report

Mark Whiting
Audit Committee Chair

Chairman's introduction

I am pleased to present the Audit Committee's report, which provides an overview of the areas of focus for the Committee during the year as well as its key activities and the framework within which it operates.

The Committee's primary area of responsibility is to oversee the Company's corporate financial reporting and risk environment, including oversight of the outputs of the external auditor and assisting the Board with determining any judgements which may be required. This remained the key focus of the Committee during the year.

I believe that the activities of the Committee during the reporting period have enabled the non-executive directors to gain a good understanding of the Company's strategic priorities and the risks and challenges we face, as well as the adequacy and timeliness of appropriate actions being taken to address them. This has assisted the Committee in its review of this Annual Report and Accounts, including the effectiveness of the Company's system of internal control and risk management (see below).

During the year, an evaluation of the effectiveness of the Committee was conducted. Further details can be found in the Corporate Governance report on page 78.

Composition

The Board is satisfied with the composition of the Committee and that each of its members have the required knowledge, skills and experience to fulfil the duties of the Committee, having an understanding of financial, operational and commercial matters relevant to our industry. Given my qualifications and my extensive financial experience, I am considered by the Board to have recent and relevant experience to chair the Committee in accordance with the requirements of the 2018 edition of the UK Corporate Governance Code (see the Corporate Governance report on pages 76 to 77 for further details of my qualification and experience).

Cyber Security

Cyber security has remained a particular focus during the review period, with the Committee noting the increasing number of cyber-attacks reported in the media, as well as the heightened sophistication of the methods being employed. Incident response and crisis management in response to false-positive incidents and attempted cyber-attacks have been held and we continue to review, test and update our Cyber Incident Response Plan and to keep the business preparedness for current and emerging threats.

In particular, this year has seen the commencement of a significant investment by the Company in its technology transformation, which we believe will not only represent a significant step change in our business capability but also deliver enhanced protection within the sphere of cyber security. Despite having achieved 'Cyber Essentials Plus' accreditation through the National Cyber Security Centre during FY2023, regrettably we have not been able to maintain this accreditation upon renewal in FY2024 as a result of increased certification requirements, including the mandatory segregation from the Company's network of any unsupported or legacy systems (including internally-only focused servers) which the business continues to work through and remediate, with a continuing aspiration to secure reaccreditation upon conclusion of this workstream. Accordingly, we do believe that improved enterprise security configurations, server upgrades and the decommissioning of legacy computer domains which are planned during the next 12 month cycle will again enable us to restore this accreditation. Therefore, the failure to renew Cyber Essentials Plus certification in FY2024 should not be seen as a dilution of our commitment to continuing our focus on cyber security.

The Committee continues to receive detailed biannual Information Security Reports from the Technology Director and Head of Information Security which, in the year, has included information relating to continual internal vulnerability scanning, together with progress against an assurance programme encompassing specialist testing to validate the effectiveness of our internal security controls, identify potential weaknesses and the identification of any issues to be assessed for risks which can then be prioritised for remediation and be managed as part of the Company's risk management programme.

Composition and attendance¹

Members throughout the year	Committee member since	Meeting attendance
Mark Whiting – Chair	1 September 2017	4/4
Denise Collis	1 December 2015	4/4
Michael Holt	1 October 2018	4/4
Deborah Rabey	1 March 2023	4/4

¹ The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

The Committee met four times during the year as part of our schedule to consider matters planned around the Company's financial calendar. All Committee members attended each of the meetings. For further details on attendance, please refer to the Corporate Governance report on page 79.

The composition of the Committee meets the 2018 UK Corporate Governance Code requirement that the members are independent non-executive directors, and the Chairman of the Board is not a member of the Committee.

Other regular attendees, by invitation, include the Chairman of the Board, the CEO and CFO, Head of Internal Audit & Risk and representatives from BDO LLP as external auditors.

The detailed roles and responsibilities of the Committee are set out in the Terms of Reference which can be found → www.smithsnews.co.uk/wp-content/uploads/Audit_Committee_Terms_of_Reference_2024.pdf

Internal controls

The Committee's primary responsibility and focus for the review period remains its oversight of the Company's financial reporting cycle, including the work of the external auditors, and to assist the Board with any judgements required in relation to our biannual financial reporting.

Separately, we have continued to monitor and review the Company's internal controls framework and the output of Internal Audit's activities in the year. This has included, in particular, the consideration of the impact of our new business propositions as part of our growth and diversification strategy which, early-on in the year, were identified as being particularly reliant on manual processes emanating from utilising our existing core news and magazine business' systems and reporting. Although it has been acknowledged that a period of 'trial and test' and experimentation is sound as part of the development and testing of these propositions, the Committee has overseen updates in relation to the roll out of 'future fit' projects which will look to support these growth initiatives and ensure robust internal controls are in place, not only in the core news and magazine business but also to the new diversification and growth initiatives which are underway.

This year also saw us review internal audit's processes and risk-rating definitions as part of our risk management framework, which has resulted in changes which we believe make the processes more transparent and understandable to stakeholders and ultimately, provide greater assurance to the Committee.

Regulatory Developments

The Committee has also considered the forthcoming changes to the Corporate Governance Code which have been announced and, in particular to Provision 29, applicable from 1 January 2026 (for reporting by the Company in August 2027) in relation to the monitoring of the Company's risk management and internal control frameworks, a review of their effectiveness vis-à-vis financial, operational, reporting and compliance controls and to report on each within the Company's Annual Report. Hence, whilst the Committee acknowledges that presently we believe that our current risk processes and internal controls are adequate, during the lead-up period to this enhanced reporting standard, the Committee is expected to consider the need to undertake a process based gap analysis of the Company's risk management and internal control framework, which may extend to identifying and mapping key processes, agreeing materiality thresholds and testing associated controls as well as any reassessment thereof, ahead of detailed disclosure within our future reports.

Furthermore, with the extension of the Committee's mandate to cover oversight of sustainability data, this year has also seen more focus placed on the verification of narrative reporting and the scrutiny thereof, including a greater understanding by the Committee and Board of the Company's emissions and energy usage in what is, at this time, a very technical and novel area.

Reviewing our risks and reporting

As part of the Committee's annual workplan, we have also continued to review and interrogate the Company's principal and emerging risks. In the previous year we concentrated on the increasing impact of climate change and the possible implications thereof to the newspaper and magazine sector, which had resulted in the inclusion of a new principal risk.

This year, there have been no significant changes to the identification of principal risks or their ratings from the previous review, but there has nonetheless been some minor narrative changes to the description of risk mitigations and, specifically, the climate-related risk has been broadened to a more encompassing sustainability risk.

As discussed above, the ever-present cyber security risk to our business, as well as risks associated with our growth and diversification strategy were each considered, with the former remaining as a critical risk despite actions been taken to reduce the likelihood in the year, noting that the impact of an event, should it ever occur, remains very high. The 'Growth and Diversification' risk has also been reassessed and is now best articulated as encompassing two distinct risks. Therefore, it has been agreed to separate them out, with the risk of a failed diversification strategy noted only as a possible emerging risk; with the growth risk more particularly defined as relating to a risk in failing to achieve certain stretching targeted returns – accordingly, this remains as a principal risk given the heightened interest of stakeholder views in this regard (see the Risk Management report on page 66 for further details).

External audit and Committee effectiveness

Following the satisfactory completion of BDO's audit processes, no major issues have been identified. Furthermore, we can confirm that through ongoing monitoring and review, the independence and objectivity of the external auditor has been ensured, with a new lead audit partner (Oliver Chinneck) in place for the FY2024 audit following the 5-year term of the previous lead audit partner.

The Committee's performance and effectiveness were reviewed as part of the Board evaluation process undertaken during the year, more details of which can be found on page 78. I am pleased to confirm that the Committee is seen to be operating effectively and fulfilling the duties delegated to it by the Board. Finally, the Committee has, once again, undertaken an annual review of its terms of reference, and I am pleased to be able to confirm that we have acted in accordance with its terms at all times during the year and there are no major items of disclosure to bring to the attention of our shareholders or other stakeholders.

Further information on the Committee can be found here, as well as in the Corporate Governance report on pages 74 to 85.

Mark Whiting

Mark Whiting
Chairman

4 November 2024

Audit Committee Report continued

Key matters addressed by the Committee

Financial reporting	- Reviewed reports from the Chief Financial Officer and the external auditor on matters of significance in relation to, and the content of, the Group Financial Statements for the reporting period - Approved the financial results' press releases and the Annual Report and Accounts, including tone and consistency and the application of the critical accounting policies and key judgements, and considered whether the report, as a whole, was fair, balanced and understandable (see page 122) - Approved the Group's viability and going concern assessments, and subsequent disclosures and statements
Risk management & controls	- Conducted an annual assessment of risk and internal control, including a robust assessment of principal and emerging risks - Received information security and data protection reports, including key measures taken to enhance cyber security controls, to mitigate against IT risks and cyber attacks - Received information on climate-related risks - Reviewed the external auditor's report on the Company's full year and half year financial statements - Reviewed recommendations to executive management set out in the external auditor's management reports
External audit matters	- Reviewed the external auditor's assessment of its objectivity and independence (including the rotation of the previous lead partner), including a review of, and prior approval of, non-audit services (and associated fees) provided by the external auditor as part of its performance review - Reviewed management representation letters related to the Company's full year and half year financial statements - Reviewed the external auditor's audit plan, scope and strategy for its audit of the Company's full year and half year financial statements - Approved the external auditor's fees
Internal audit matters	- Reviewed and agreed the internal audit work plan, confirming the focus on key risk areas and adequacy of coverage of material operational matters and internal controls environment - Received reports from the Head of Internal Audit & Risk (see page 66) - Reviewed whistleblowing process and procedures and received whistleblowing reports providing insight into the culture of the Company and issues of particular concern to stakeholders
Governance and other	- Reviewed various legal reports and compliance and risk updates - Received updates on tax policy and the Company's approach to compliance and tax risk, as well as a review of the Company's tax strategy and insurance programme (including the risk profile of our insurance coverage) - Reviewed policies – treasury, anti-bribery, non-audit work, recruitment of external auditors, parent company guarantees etc. - Conducted an annual review of the Committee's terms of reference, evaluation and review of its composition - Conducted private meetings between the non-executive directors, Head of Internal Audit & Risk and the external auditor in order to ensure that each of their independent views, opinions and comments are reflected within the Committee's deliberations and dealings. In the year, the Committee met twice with representatives from BDO without management present and held two separate private meetings with the Head of Internal Audit & Risk. No material issues came to light in these discussions - Reviewed evolving ESG reporting standards and received assurances in relation to ESG-related data insight - Reviewed the cash management and treasury policies, including the treatment of surplus cash held from time to time - Continued to keep under advisement the outcome of the UK Government's proposals regarding its review of the audit market, known as 'Restoring Trust in Audit and Corporate Governance' as well as other changes within the auditing environment - Reviewed the effectiveness of the Internal Audit model and structure and the results of the evaluation of the Internal Audit function and oversaw the additional resourcing and composition of the Internal Audit function

Audit Committee activity

Governance

The objective of the Committee is to promote effective governance of the Company's financial controls, accounting and reporting, including the adequacy of related disclosures; the performance of both the Internal Audit function and the external auditor; and to oversee the Company's risk management, internal control systems (including whistleblowing reporting processes, accounting policies, and of the monitoring of ESG reporting and sustainability matters).

The Committee's terms of reference address all matters set out in Disclosure and Transparency Rule 7.1 and the 2018 edition of the Code and are reviewed annually by the Committee and referred to the Board for approval. During FY2024, the terms of reference were revised to include specific provision for the monitoring of both ESG narrative reporting and sustainability matters in anticipation of, what was then, a proposed Code amendment together with a general refresh of the terms of reference in anticipation of the 2024 edition of the Code.

If there is any disagreement with the Board and/or the Executive Team on any of the Committee's responsibilities that cannot be resolved, the Committee retains the right to report the issue to shareholders as part of its report on the Committee's activities. As reported in my introduction, there are no such matters to report to shareholders at this time.

In addition, the Committee seeks to identify matters in respect of which we consider that action or improvement by the Company is needed, and appropriate recommendations are made to the Board as to the steps that should be taken to preserve and promote the assurance and integrity of the Company's internal controls framework.

Internal controls and risk management

The Company's internal control and risk management framework, embedded in all key operations, is designed to address all the significant strategic, financial, operational and compliance risks that could undermine the Company's ability to achieve our business objectives in the future and is managed within risk tolerance levels defined by the Board. In accordance with the provisions of the UK Corporate Governance Code, the Company has in place an internal control environment to protect the business from principal and emerging risks which have been identified. Management is responsible for establishing and maintaining adequate internal controls over financial reporting and the Committee retains responsibility for ensuring the effectiveness of these controls. Full details of the Company's internal control and risk management framework can be found in the Risk Management report on page 66. The Committee has reviewed the risk management framework and the system of internal controls and considers that the system of internal controls operated effectively throughout the financial year and up to the date on which the financial statements were signed.

A critical element of the Company's risk management review is the determination of the extent to which the Company is willing to 'accept' a level of net risk as part of the cost of delivering against its strategy. To this end, the Board's individual and collective risk appetite is periodically reviewed, considering changes in the business and the external environment, as well as emerging trends and developing risks. Our risk appetite differs across the respective principal and emerging risks, with a lower acceptance appetite for high impact/high likelihood risks (seeking to reduce the risk profile and mitigating its impact where possible) and with a higher acceptance level for low impact/low likelihood risks (potentially accepting the risk, with limited impact mitigation). For further details, please see the Risk Management report on page 66.

Bribery, fraud, anti-trust and whistleblowing

The Committee is responsible for reviewing the Company's bribery and fraud detection systems and controls to ensure the prevention of any inappropriate behaviour. The Company has both Anti-Fraud and Anti-Bribery policies in place, each of which are reviewed annually by the Committee. Separately, the Company has adopted a public statement reaffirming our zero tolerance stance in this regard, which is available on our website – www.smithsnews.co.uk/wp-content/uploads/SN_corruption_bribery_Act.pdf. In addition, approval procedures are in place for the acceptance and management of gifts and corporate hospitality across the business which are aligned to the Company's Delegation of Authority matrix. All allegations of corruption are investigated by independent persons and our whistleblowing hotline is accessible for the reporting of any allegations of corruption, with the additional option to directly contact either our Internal Audit or legal departments as alternative confidential lines of reporting. Both our payment systems as well as our expense claims processes maximise the identification of possible corruption and these form part of both the internal and external audit mandate.

In support of the prevention of anti-competitive practices including market-collusion, abuse of a dominant position, price-fixing and/or the illegal sharing of competitive information, we have a Competition Law Policy (which is available on our website) which is reviewed annually by the Committee. Any allegations of anti-competitive behaviour are reported and addressed in the same manner as instances of bribery and corruption and may be directly addressed with either our Internal Audit or legal departments. We have a regulatory compliance certification process which must be completed annually by relevant colleagues as confirmation that no anti-competitive practices have taken place in the year and that required training has been undertaken where applicable. Overall, these risk management processes each aid and improve the identification of, and mitigating actions to prevent and report, incidences of suspected fraud, tax evasion, data breaches, bribery, modern slavery or other forms of malpractice. See the Corporate Governance report on page 74 for further details.

We have an independent whistleblowing process including independent hotline and reporting processes and the Committee received quarterly reports on incidences of whistleblowing or other malpractices reported across the business. Further details are set out in our Sustainability report (see page 34).

Audit Committee Report continued

The Committee has considered each of the following items listed below based on discussions with, and submissions by, management and satisfied itself as to the accounting treatment and presentation thereof, including disclosure within Note 1 to the Group Financial Statements. The most significant items were discussed with the external auditor during the planning stage and on completion of the audit. The key judgements and estimations in relation to the FY2024 financial statements were:

Area	Matter considered	Outcome
Going concern and viability	The Committee reviewed and challenged executive management's assessment of forecast cash flows over the relevant assessment periods, which were 18 months for going concern and 36 months for viability from the accounting reference date (16 months and 34 months respectively from the date of approval of the Group Financial Statements). The Committee considered the sensitivities within trading and expenditure plans, including a reverse stress test and five reasonable worse case downside scenarios which were linked to the principal and emerging risks as detailed on page 66. The Committee further reviewed the assumptions relating to material events occurring before the end of the assessment period, notably the renewal of publisher contracts. The refinancing of the Company's debt facilities that occurred in May 2024 was also considered in this assessment.	The Committee concluded that the assumptions used in the assessments and the periods of assessment were appropriate. In reviewing the Group's reverse stress tests, the Committee challenged executive management as to the likelihood of any such scenario occurring, to assess whether it was reasonable to assume that the likelihood of any such scenario was remote. Factors that were considered included the current trading performance of the business compared with the base case, the extent of revenue and operating profit decline that could impact the going concern of the Company and current expectations as to the severity of any inflationary impacts on cash flows. The Committee further concluded that appropriate consideration had been made of principal and emerging risks through the inclusion of the five downside risk scenarios and reverse stress test. The Committee noted the current level of average and peak debt, the Company's debt financing facilities and the factors set out above to help it conclude that the application of the going concern basis for the preparation of the Group Financial Statements continues to be appropriate and therefore agreed the Group Financial Statements should be prepared on a going concern basis and recommended the approval of the viability statement. This disclosure in respect of going concern is set out in Note 1 to the Group Financial Statements on page 135.
IFRS 15 - Revenue Recognition	The Committee considered the appropriateness of accounting for revenue from the wholesale of newspaper and magazines as principal rather than as an agent. The Company is considered to be the principal based on the Company possessing credit risk of default by the customer together with the following indicators of control over its inventory: discretion to establish prices; it holds some of the risk of obsolescence once in control of the inventory; and it has the responsibility of fulfilling the performance obligation on delivery of inventory to its customers. Revenue from the delivery of newspapers and magazines and from carriage fees is recognised when the titles are delivered to the retailer and there is no unfulfilled obligation that could affect the retailer's acceptance of the products, and the risks of obsolescence and loss have been transferred to the retailer. No issues were noted with regards to this risk. The Committee also considered the additional revenue streams from the growth activities and concluded that the same accounting treatment applies for these growth activities as applied for wholesaling of newspapers and magazines in respect of the point at which revenue is recognised and the performance obligation has been met.	The Committee was satisfied that appropriate consideration had been made of the following factors which influence determination of principal/ agent: - primary responsibility for fulfilling the promise to provide newspapers and magazines, and perform services, is with Smiths News which is responsible for the timing of delivery, bearing risk of loss or damage and dealing with retailer complaints. - Smiths News also bears inventory risk noting the customer has a right of return and associated credit risk of default by the customer. - Smiths News has the discretion to establish prices with retailers including wholesale discounts.

Area	Matter considered	Outcome
Carrying value of investment held by Smiths News plc in its subsidiary	The Committee considered management's conclusion that a reversal of previous impairment of the investment carrying value held by the Company in its subsidiary should be made. The following indicators of impairment or reversal of impairment are present: • decrease in the risk-free rate (reversal); • the Company's market capitalisation being below the investment carrying value (impairment); • lower net liability position (reversal); • successful round of refinancing (reversal); and • increased market capitalisation (reversal) in the year.	The Committee received detailed reports from executive management outlining valuation methodology, the basis for key assumptions (e.g. discount rate and terminal growth rate), the key drivers for cash flow forecasts and the sensitivity of the assumptions used. After careful deliberation and challenge, the Committee was satisfied that these assumptions and the disclosure of sensitivities were appropriate. In its deliberations, the Committee further acknowledged that, while indicators of impairment and reversal existed, there had been an improvement to the headroom available, driven by earnings generated during the year and the repayment of debt. The Committee agreed with management's conclusion that a £16.3m reversal of previous impairment of the investment should be made.
Alternative performance measures (APMs) and adjusted items	The Committee closely monitored management's interpretation and definition of APMs, with focus on adjusted items. The Committee continues to review and challenge the classification of adjusted items in line with the Company's defined policy. The Committee also ensures sufficient involvement from external auditors in challenging management to ensure an appropriate level of judgement is exercised in their assessment. The Committee considered the appropriateness of the measure of adjusted profits, quality of earnings, and the classification and transparency of items separately disclosed as such. The Committee also considered the presentation of APMs in the Annual Report and Accounts in the context of the requirement that they are fair, balanced and understandable.	The Committee was satisfied that the presentation of APMs and adjusted profits provides a reasonable view of the underlying performance of the Company and that there was transparent and consistent disclosure of the items shown separately as adjusted items. The definition of APMs can be found in the Glossary on page 168. The accounting policy on adjusted items is set out in Note 1 to the Group Financial Statements on page 135.
Property provisions	The Committee reviewed the property provisions as at period end and the appropriateness of the additions, utilisation and releases made in the year.	The Committee agreed that the property provisions held were appropriately recognised and measured and that releases were consistent with the manner in which the original provisions had been made. The Committee considered that the provisions have been discounted to present value using an appropriate discount rate, and this discount will be unwound over the life of the leases. A negotiation settlement rate was also used as seen in the market. The provisions cover the period to 2034; however, a significant portion of the liability falls within ten years.
Determining lease terms	The Committee considered the factors used by management to determine lease terms.	The Committee considered the key judgements made in determining lease terms and was satisfied with the approach.

Adoption of new accounting standards

There have been no significant changes in accounting standards in the reporting period which are expected to materially impact the Company. However, we remain alert to any such changes and regularly receive updates on upcoming changes from both the external auditor and management. In this light, the Committee continues to monitor the impact of the wide-ranging reforms in relation to the Department of Business, Energy and Industrial Strategy's response to its March 2021 consultation on audit and corporate governance reform ("Restoring Trust in Audit and Corporate Governance") and, in particular, the implementation timetable through primary and secondary legislation and proposed amendments to the UK Corporate Governance Code.

External audit

BDO was appointed as external auditor following a competitive tender process in January 2019. In light of Articles 16 and 17 of the EU Audit Regulation (as it forms part of the law of England and Wales by virtue of section 3 of the European Union (Withdrawal) Act 2018), the Company will put the external audit contract out to tender at least every ten years and will mandatorily rotate audit firm every 20 years. The Committee acknowledges that in line with professional standards, BDO has a policy of rotating the lead engagement partner every five years. This year's audit was the first with Oliver Chinneck as the lead partner, following the rotation off the account of Sophia Michael at the end of the FY2023 audit.

Oliver had previously served five years as a supporting partner and therefore is permitted to serve as lead partner for two years in line with the independence and ethical standard requirements.

Audit Committee Report continued

Evaluation Focus

- BDO present the audit plan (strategy and scope) for the financial year under audit, with key audit matters highlighted for special attention;
- Progress reports against the audit scope allows the Committee to monitor progress and raise any questions and challenge both management and BDO;
- The Committee discusses, both internally and with BDO, the level to which BDO have demonstrated professional scepticism and challenge of management's position, specifically regarding estimations and judgements;
- Private meetings between the Committee and BDO are held regularly to encourage transparent feedback; and
- Review of feedback from Committee members, including views on how BDO has supported the work of the Committee and communicated with the Committee.

Formal evaluation

At the completion of the financial reporting and audit process a formal evaluation process is undertaken each year, which includes a written questionnaire distributed to each member of the Committee, the Chief Financial Officer and senior financial controllers from across the business. Subsequently, the Committee holds a dedicated session to discuss the collated responses, including any learnings and suggested areas for improvement, with BDO being afforded an opportunity to comment on any relevant findings and outcomes.

Key areas of focus in the evaluation of the external audit included:

- the external auditor's processes for its review of the Board's accounting judgements;
- understanding of key accounting matters and issues;
- independence and objectivity;
- the expertise and technical knowledge of the external audit teams;
- the scope, delivery and execution of the external auditor's audit plan;
- a review of the completeness, quality and timeliness of the audit;
- a review of the robustness and perceptiveness of the external auditor; and
- a review of formal reporting to the Committee.

Non-audit services

The Company has a formal policy on its relationship with the external auditor to ensure that the external auditor's independence is not impaired. Following regulatory changes and in light of the introduction by the Financial Reporting Counsel (FRC) of a new 2019 ethical standard (which applied with effect from March 2020), in FY2020 the Committee reviewed the revised ethical standard and amended our non-audit services policy at that time.

In doing so, we removed the previous de minimis financial approval limits for non-audit services and adopted a 'whitelist' of non-audit services which may be provided by the external auditor in adherence to the new ethical standard.

No changes have been made this year and, therefore, going forwards, the approval of both the Audit Committee Chairman and the CFO will continue to be required in respect of all non-audit service engagements and, as part of such approval process, where the maximum combined spend is likely to exceed 50% of the annual audit fee in any financial year, there is an express requirement to engage with the external auditor in order to ensure absolute compliance with the latest standards.

Fees

Fees paid to BDO during the year in respect of non-audit services support for the Company's interim financial results amounted to £65,800 (FY2023: £62,700). The Committee considered, and was satisfied that, it was appropriate for BDO to undertake this work and that doing so did not affect their independence. Details of the total fees paid to BDO during the year in respect of audit and non-audit services are shown in Note 2 to the Group Financial Statements.

Board approval

Prior to the Board's approval of the period-end Group Financial Statements, the Committee provided its view to the Board on the outcome of the statutory audit, explaining management's key accounting issues and judgements; the outcome of the auditor's assessment of key audit matters; other areas of audit focus and control deficiencies (if any); and how the statutory audit contributed to the integrity of the financial reporting process.

Conclusion

Following its review, the Committee concluded that it was satisfied that the external audit process had been independent, objective and effective, with the Committee's review concluding that:

- it was satisfied with the quality and independence of the BDO audit partner and team;
- BDO had undertaken an appropriate level of analysis, discussion and review of relevant management papers and underlying assumptions of the going concern and viability statements to demonstrate the adequacy and sufficiency of audit challenge and critical assessment;
- the audit was well planned and executed on time, with key findings appropriately addressed; and
- BDO had a good understanding of the business and its internal control systems and reported in a clear and open manner.

Internal Audit

The Internal Audit function is an integral part of the Company's governance and risk management framework, as well as undertaking detailed reviews of the Company's internal system of controls which thereby assist the Committee, and the Board, to manage risk effectively and to protect the reputation, assets and overall sustainability of the Company through assessing whether the appropriate risks have been identified, reported and managed.

The Committee monitors and reviews the scope and effectiveness of the Internal Audit function and ensures it acts within the purpose, remit and authority as set out in its approved Internal Audit Charter, which itself is reviewed annually.

To ensure such effectiveness the Head of Internal Audit & Risk has unfettered access to executive management as well as the Committee and the chair of the Committee, and as mentioned earlier, has opportunities to meet with the Committee in private.

Each year, the Committee considers and approves the internal audit workplan, which is designed to focus on identified key risks to ensure that they are managed effectively within the context of the Company's business objectives and risk appetite, and that appropriate internal controls are in place. The Committee will consider deviations from plan should the need arise and usually only in response to a material change in the risk profile highlighted through audit reports and/or as a result of a matter raised either by management or through a whistleblowing report.

Reports are provided to the Committee at each meeting, including updates on activities, resourcing levels, progress against plan, results from audits carried out and management's response to address any areas highlighted for improvement and timeliness thereof. FY2024 saw Internal Audit deliver its plan in full and in a timely manner, which included the deferment of two audits and the addition of two injected audits, with no audit outcomes indicating an unacceptable conclusion. This has resulted in the Committee being satisfied that an effective review of the control framework and governance processes has taken place across the selected areas of our business and that, from an audit and assurance perspective, the Committee is satisfied that an adequate assurance process is in place in relation to the nature of the narrative disclosures in this Annual Report.

A performance evaluation assessment of the Internal Audit function was undertaken through a formal internal review process, which included the views and experiences of not only the Committee members but also a cross section of peers from across the business who have engaged with the Internal Audit team during the year. The review indicated that the function is performing adequately.

Going concern and viability assessment

The Committee also reviewed a paper prepared by the Chief Financial Officer to support the going concern and viability assessment referred to on pages 63 to 64. The Committee noted that the Company had £38.5m of available facilities at the end of the reporting period (of which £18.0m was drawn at the end of the reporting period) and, therefore, achieved 0.3x leverage covenant of bank net debt to Bank EBITDA. With current facilities in place for a minimum period of three years from commencement to 1 May 2027 (with the option to extend for two further years), this gives the Company a strong platform to continue in operation for the foreseeable future.

On this basis and the evaluation of the impact of a number of sensitivity scenarios, the Committee concluded in its recommendation to the Board that the profit and cash forecasts supported the view that the business continues to be a going concern and can meet its liabilities as they fall due for a period greater than 12 months (being the going concern assessment period of 16 months) from the date of approval of the Group Financial Statements and that there is also a reasonable expectation that the Company will remain viable over the period of assessment for viability to August 2027. The viability statement on page 64 sets out further details on the process applied in relation to this assessment.

Fair, balanced and understandable

In line with the Committee's responsibility for ensuring there are robust financial reporting procedures and internal controls in place, and the UK Corporate Governance Code requirement for the Committee to advise the Board in relation to the Annual Report and Accounts, in particular whether, taken as a whole, it is fair, balanced and understandable, the Committee undertook an assessment of the 2024 Annual Report and Group Financial Statements. This incorporated the work undertaken by the Committee throughout the year to monitor financial reporting. The process and outcome are set out opposite.

Oversight throughout the year

- Review of applicable accounting policies and pronouncements and their application
- Review of regular financial results and announcements
- Reports from the Chief Financial Officer, BDO and Company Secretary & General Counsel
- Reports from Internal Audit

Review Included

- Provision of outline plan including content and structure, design concept and timetable
- Consideration of regulatory and governance requirements for reporting
- Review of detailed reports from the Chief Financial Officer and BDO providing the opportunity for debate and challenge
- Summaries of areas where management judgements or significant accounting estimates had been made
- Monthly Board meetings where the management accounts and KPIs were each reviewed to ensure that the Company's financial, operational and commercial performance was appropriately assessed, reported and understood
- Consideration of going concern and longer-term viability Separate meetings with BDO without management present

Review Confirmed

- Well-documented planning and procedures for the preparation of this report
- Collaborative approach between all parties required to contribute to this report
- Basis of preparation consistent with financial reporting throughout the year
- All significant issues had been considered
- Messaging was consistent, particularly the narrative disclosures reflecting financial and ESG data

Conclusion

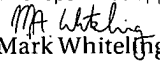
- After completion of the detailed review, the Committee was satisfied that:
 - taken as a whole, the Annual Report and Group Financial Statements in FY2024 are fair, balanced and understandable; and
 - the Annual Report accurately reflects the information shareholders would require in order to assess the Company's position and performance, business model and strategy

Recommendation

- The Committee reported its findings and conclusions to the Board

Approval

This report was approved by the Audit Committee and signed on its behalf by:


Mark Whiteliff
Audit Committee Chair

4 November 2024

Nominations Committee Report

David Blackwood
Nominations Committee Chair

Chairman's introduction

I am pleased to present the Nominations Committee report for FY2024, which provides an overview of the work of the Committee during the review period, including the key activities undertaken in accordance with its terms of reference.

This year has seen a particular focus on talent management across the business. Board succession planning has equally formed a key part of the Committee's review, as we have sought to thoughtfully address both the independence status of Denise Collis as she approaches the expiry of her nine-year term whereupon the Corporate Governance Code expects her independence requirements to be seen to be impaired, and the resultant decision for her to step down and retire from the Board at the conclusion of the 2025 AGM. Accordingly, and as I have already mentioned elsewhere in this Annual Report, having reviewed the Board's composition and that of all of its Committees, we have commenced a recruitment search process looking to identify a suitable successor to join the Board.

Although this process has progressed with an external recruitment agency engaged to assist us here, at the time of reporting a suitable appointment has yet to be made.

As we roll out our growth and diversification strategy, the Committee has also been mindful not only of the additional opportunities this provides for colleagues but also to broaden our depth of skills and expertise across all levels within the business, while also strengthening our ability to attract, develop and retain our talent pool. With this also comes the need to remain aware of the expanding demands on existing colleagues. The Committee has therefore exercised oversight and constructive challenge over our talent pipeline and leadership structures to ensure that we have the necessary human capital to deliver our strategy in a sustainable and inclusive manner. We have not lost sight of the need for both succession planning and development across the Executive Team and senior management.

As we have sought to adopt a more integrated approach to this year's Annual Report, I would direct you to the Stakeholder Engagement and Sustainability reports (see pages 22 and 34 respectively to read more about our approach to colleague engagement surveys and training). The outcomes of these surveys are informing how we engage with colleagues, enable us to better understand what is important to them and how their opinions matter to the Board and are referenced and considered when relevant decisions are taken. The Board's engagement process with our wider workforce continues through the Board's representative non-executive director Michael Holt, who attends National Colleague Engagement Forum meetings together with ad hoc informal get-togethers with colleagues either in person or remotely and reports back to the Board accordingly. We remain of the view that this process best meets the needs of our business and ensures that the views of our colleagues are appropriately communicated back to the Board and considered in our decision-making. Accordingly, we will continue to adopt this approach going forward.

Finally, I would like to offer the Board's heartfelt appreciation for Denise's significant contribution, guidance and support in both her nine years serving on the Board and as Remuneration Committee Chair and together we wish her every success in her continuing business endeavours.

Further information on the Committee can also be found in the Corporate Governance report on page 74.

DC Blackwood

David Blackwood
Chairman

4 November 2024

Composition and attendance¹

Members throughout the year	Committee member since	Meeting attendance
David Blackwood – Chair	13 May 2020	2/2
Mark Whiting	1 September 2017	2/2
Denise Collis	1 December 2015	2/2
Michael Holt	1 October 2018	2/2
Deborah Rabey	1 March 2023	2/2

¹ The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

The composition of the Committee meets the 2018 UK Corporate Governance Code requirement that the majority of members are independent non-executive directors.

The Committee met twice during the year and all Committee members attended all meetings. At the invitation of the Committee, certain executive directors and management attended the meetings from time to time.

The detailed roles and responsibilities of the Committee are set out in the Terms of Reference which can be found → www.smithsnews.co.uk/wp-content/uploads/Nominations_Committee_Terms_of_Reference_2024.pdf

Activity in FY2024

The objective of the Committee is to lead the process for Board appointments, having due regard to Board diversity, and to ensure orderly succession planning so as to maintain an appropriate balance of skills and experience on the Board. The detailed roles and responsibilities of the Committee can be found in the Terms of Reference which are published on our website.

Key matters addressed by the Committee

November 2023

- Received reports on talent review and succession planning for the Executive Team as well as retention strategies
- Received a Diversity and Inclusion update and reviewed an action plan developed following the external audit of the recruitment practices and policies
- Reviewed Board succession planning in the light of the expected imminent retirement of Denise Collis at the conclusion of the 2025 AGM

April 2024

- Reviewed non-executive director independence status and Board succession planning recruitment processes

Board composition, succession and attendance

All directors are expected to devote the necessary time commitment required to adequately meet the needs of the Company and to put themselves up for annual re-election at each AGM as part of the conditions of their appointment. The staggering of the respective tenures of directors ensures a period of stability and continuity on the Board and helps to ensure the robustness of the Company's succession planning processes for the future.

The Board evaluation process (for further details see page 78 of the Corporate Governance report) continues to support the ongoing assessment of the directors' development needs, opportunities and shortcomings against the Board's current skills, experience, expertise and composition.

Identified recommendations are aligned with our succession planning process, with the Board remaining committed to ensuring that it possesses the right blend of skills, expertise, commitment and experience when selecting suitable candidates, while at the same time also striving to reflect today's talent and customer pools to build balanced teams.

The Committee has considered the current established composition of the Board against the spread of anticipated Board retirement dates (as set out below), noting specifically the position of the Remuneration Committee Chair (Denise Collis) as she looks to retire from the Board by no later than the conclusion of the January 2025 AGM in line with the 'nine-year independence' provision applicable to non-executive directors pursuant to the UK Corporate Governance Code provisions.

Nominations Committee Report continued

Board composition, succession and attendance

Name	Date of appointment	Date of intended Board retirement – on or before	Last AGM for annual re-election
Denise Collis	1 December 2015	January 2025 AGM	January 2024
Mark Whiteling	1 September 2017	January 2027 AGM	January 2026
Michael Holt	1 October 2018	January 2028 AGM	January 2027
David Blackwood	13 May 2020	January 2030 AGM	January 2029
Deborah Rabey	1 March 2023	January 2033 AGM	January 2032

In line with our recruitment processes, we are ever mindful of the gender and diversity expectations of the FCA Listing Rules (UKLR:6.6.6R(9)) but we remain realistic and cannot ignore the fierce competition which we face for a pool of diverse talent that is naturally limited by the size, nature, location and profile of our business. We therefore note our current non-compliance with these gender and diversity expectations (UKLR:6.6.6R(9)) but note that we remain committed to our stated objective to have at least two women on the Board and will, therefore, look to use the normal director-rotation periods as a means to provide such an opportunity to improve both the gender and ethnic diversification across the Board, whilst also seeking to maintain a blend of skills, expertise, commitment and experience which is right and appropriate for the Company in light of the size and composition of the Board and current director tenures. Accordingly, as we look to target future non-executive director recruitment, we will endeavour to ensure that candidate lists are compiled from a broad and diverse range of candidates, including those who may not have previous listed company experience.

The recruitment process for a suitable candidate to join the Board is led by the Chairman and we will look to use the normal director-rotation period as a means to provide an opportunity to improve both the gender and ethnic diversification across the Board. Whilst this search commenced in July 2024, at the time of reporting a suitable appointment has yet to be made.

This recruitment process is, once again, following a structured process as set out below:

Stage 1	- Appointment of search agency to deliver a candidate list through access to diverse data pools - Detailed role specification developed using objective criteria
The search focus has included commercial insight, non-food retail experience, support of growth initiatives/change management and our D&I agenda	
Stage 2	Compilation of a longlist of candidates by search agency.
Stage 3	Following on from confirmation of interest from candidates, a shortlist of at least three candidates will be compiled based on 'strength of fit' with the role specification, and face-to-face meetings scheduled with the Committee members and executive directors.
Stage 4	A preferred candidate, or candidates will be identified, and a recommendation will be made to the Board for appointment, subject to shareholder approval being sought at the subsequent AGM following appointment.
Stage 5	Induction programme – following any appointment a detailed induction programme will be undertaken. To understand the full extent of this process please refer to our Corporate Governance report on page 74.

Talent reviews, succession planning and recruitment

We operate a talent management process for our most senior leaders, undertaken twice a year in the business and reviewed once a year by the Committee. This process identifies the performance and potential of individuals and ensures that those with high potential in particular have developmental action plans in place. These processes and development actions feed into the business-wide succession planning processes.

As part of this process, we continue to map our talent pool and undertake further talent development support to aid a proactive succession planning process for key business roles and the ongoing identification and development of a diverse pipeline. We continue to recognise that career progression and development remains a key aspect for the attraction and retention of the right talent, and we have once again continued to promote development and upskilling activities including the promotion of our Trusted Leadership programme and dedicated leadership master classes which have included 'leading and thriving through change'.

A key deliverable for the business continues to be the ambition of promoting 'development for all'. Supporting colleagues with their development is designed to create a pipeline of talent who could be considered as future successors for more senior roles up to and including executive roles. Successors are considered both from the perspective of short-term cover and for the potential full-time role, accepting that this will not always be the same person. For further information regarding our progress against the ambition of 'development for all' please see the Sustainability report on page 34.

Colleague engagement and surveys

During the year we continued our approach of undertaking our 'What Matters' colleague engagement pulse surveys, facilitating regular 'check-ins' with our colleagues at different points throughout the year to better understand if our actions from previous surveys are making a positive impact. This 'pulse' approach gives us the opportunity to continue, tweak or amend these actions to ensure that our efforts are having the desired effect. The survey itself measures 12 different areas of engagement (referred to as 'drivers') and, looking at this year's results, we are pleased with the summary outcomes and participation rates for the surveys, as well as the separate work of Michael Holt (as the non-executive director representative) and the National Colleague Forum:

- Engagement Surveys – the most recent survey (April 2024) saw an 88% participation rate with over 2,200 free-narrative comments received. Two areas stand out for material improvement in the year, the first relating to the 'driver' looking at the Company's vision and purpose which, following a focussed communications programme in the year, saw an increasing score of 14% and, secondly, a 13% improvement in the score relating to our colleagues' belief that positive action will be taken as a result of, and from the survey results, itself a demonstration of the receptiveness of colleagues to the survey approach and an endorsement of management's activities arising from it. The overall engagement score was equally encouraging, with all survey 'drivers' having increased since the last survey and the overall engagement score for the business of 66% representing a 9% increase since the previous engagement survey, providing another strong endorsement of the levels of action and activities undertaken by management since the last survey.
- The National Colleague Forum – this activity continued in the year, led diligently by the non-executive director representative (Michael Holt), who, together with Denise Collis (the Chair of the Remuneration Committee), engaged on a number of occasions with our workforce both as part of the National Colleague Forum and as separate discreet sessions with colleagues from our depot locations. We remain committed to this approach and the general promotion of broader engagement with colleagues, welcoming the opportunity to engage with colleague forums and to develop and implement action plans to address and mitigate any issues raised and to consider their views in our decision-making.

Further details in relation to these topics are addressed in both the Stakeholder Engagement report on page 22 and the Sustainability report on page 34.

Gender and ethnic diversity

Given that this topic has already been addressed in some detail within the Chair's introduction as well as in both the Corporate Governance report on pages 74 and in the Sustainability report on page 34 it is not proposed to replicate this information here, but we would direct the reader to the aforementioned references as part of this report.

The Committee will continue to report annually in future Annual Reports on the progress achieved at the relevant time by the Board against both our Board-diversity policy and our compliance with the FCA Listing Rules, as well as more generally across our progress against the D&I agenda in the business. Our objectives in this area remain steadfast to improve diversity and, in doing so, to welcome people from all-walks of life, each given the opportunity to showcase their expertise, experience and capabilities. As an illustration of this, our recruitment and selection policy is accessible to all colleagues and highlights the importance of Diversity & Inclusion throughout the whole recruitment process, from identification of a vacancy thorough to ensuring that a structured job description in a standard format is created for use across a variety of platforms, supported by adverts where language is carefully considered to attract a diverse range of candidates. The selection process is then carefully structured and the managers responsible for the recruitment are specifically trained in processes and supplied with appropriate tools and materials to ensure the integrity of the process. This is an approach applicable to all roles across the business, up to and inclusive of the Executive Team.

Approval

This report was approved by the Nominations Committee and signed on its behalf by:


David Blackwood
Nominations Committee Chair

4 November 2024

Directors' Remuneration Report

Denise Collis
Remuneration Committee Chair

Shareholder letter from the Chair of the Remuneration Committee

Dear shareholder

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the 53-week period ended 31 August 2024.

Backdrop to the operation of the policy and our performance in FY2024

FY2024 was a year of positive progress across the Group. Group financial performance was ahead of market expectations, supported by the performance of our underlying news and magazines operations which was further bolstered by sales of collectibles from England and Scotland's participation in the men's UEFA European Championships, and the additional benefit of a 53rd week in the reporting period, alongside increased contributions from strategic growth initiatives and the Company's ongoing cost efficiency programme.

We successfully secured contracts for the distribution of the Financial Times and the Midlands News Association regional press titles, as well as securing newspaper distribution of News UK titles within the Company's established London territories, expanding our distribution services to News UK who previously had retained these rights in London. As a result, the Company now has in place publisher contract renewals (including a heads of terms agreement in respect of Reach plc titles) covering 91% of current publisher revenues through to at least 2029, providing confidence that these revenue streams will position the Company well to be able to continue to deliver over the medium-term. In May 2024, we announced a successful new refinancing agreement with two of our existing syndicate lenders (Santander and HSBC) on improved margin terms, removing the former cap on dividends and distributions and thereby enabling the Company to deliver enhanced returns to shareholders in line with our revised capital allocation policy, at 2x dividend cover.

Further, it has also allowed us to explore additional distributions of surplus cash to shareholders as referenced elsewhere in this Annual Report and allows for further investment in both our news wholesaling business and in the pursuit of growth opportunities. During the year, and as part of a wider programme that ensures the business is 'fit for the future' we also developed our forward-looking technology strategy and set out investment plans to allow us to leverage our existing capabilities and market presence for growth, particularly within adjacent business categories.

Variable pay outcomes in FY2024

The FY2024 bonus was based 70% on Adjusted Operating Profit, the key measure of profitability against which business performance was assessed over the year in line with our internal financial reporting, and 30% on personal objectives based on our operational KPIs. In addition, a minimum performance rating on the personal objectives was required to be met before the financial performance element could be paid, with the Committee also having a general power to adjust any formula-driven outcomes, if required.

As a result of both Adjusted Operating Profit of £39.1m for FY2024 and the successful delivery of the operational KPIs that the business set itself a year ago (see later in this report), the annual bonus pay out is between target and maximum, resulting from:

- a pay out for the financial metric at 74.61% (i.e. 52.23% of the 70% bonus opportunity); and
- for the personal element in respect of each executive director's performance against their respective personal objectives:
 - at 75.0% (i.e. 22.5% of the 30% bonus opportunity) for Jonathan Bunting; and
 - at 87.5% (i.e. 26.25% of the 30% bonus opportunity) for Paul Baker.

Composition and attendance¹

Members throughout the year	Committee member since	Meeting attendance
Denise Collis – Chair	1 December 2015	4/4
David Blackwood	13 May 2020	4/4
Michael Holt	1 October 2018	4/4
Deborah Rabey	1 March 2023	4/4
Mark Whiting	1 September 2017	4/4

¹ The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

The Committee met four times during the year. All Committee members attended each of the meetings. For further details on attendance, please refer to the Corporate Governance report on page 74.

The composition of the Committee meets the 2018 UK Corporate Governance Code requirement that the majority of members are independent non-executive directors.

At the invitation of the Committee, certain executive directors and management attended the meetings from time to time.

The detailed roles and responsibilities of the Committee are set out in the Terms of Reference which can be found → [www.smithsnews.co.uk/wp-content/uploads/Remuneration Committee Terms of Reference 2024.pdf](https://www.smithsnews.co.uk/wp-content/uploads/Remuneration_Committee_Terms_of_Reference_2024.pdf)

Overall, this has resulted in an annual bonus payout of 74.73% of the maximum 100% opportunity for Jonathan Bunting and an annual bonus payout of 78.48% of the maximum 100% opportunity for Paul Baker. In determining this outcome, the Committee has carefully considered the following:

- the directors' individual performances against their personal objectives, taking into consideration the financial performance 'underpin' whereby the Committee may scale back the personal element of the bonus if this is not deemed appropriate in light of financial performance or shareholder experience; and
- the application of the FY2024 bonus scheme across all scheme participants through the 'fairness lens', to ensure that there has not been an unmerited bias of higher bonus outcomes (and payments), as a percentage of maximum reward opportunity, with seniority.

Overall, the Committee is satisfied that the bonus payments to the executive directors are appropriate, representing a strong link between reward and performance and shareholder alignment, as well as being consistent with the treatment of bonus payments for colleagues. On this basis, the Committee determined that there was no need to use discretion to adjust the outcome derived from the annual bonus performance conditions.

In respect of the FY2022-24 LTIP award for which the performance period ended on 31 August 2024, this was weighted 30% against the final year (FY2024's) free cash flow targets and 70% against TSR relative to the FTSE Small Cap (excluding investment trusts). Based on the Company's performance against the FTSE Small Cap, this results in a payout of 100% of the TSR metric, representing maximum TSR outperformance vs the peer group over the three-year performance period and an absolute TSR of 75.5%.

The free cash flow performance in FY2024, representing the final year of the performance period, was £35.0m, which is below the threshold performance target of £36.4m, primarily due to lower profit than forecasted as a result of the impact of inflationary increases in the period and through increased capex in the year (particularly investments in depot refurbishment projects). This has resulted in no payout of the free cash flow metric. Overall, the vesting outcome for the FY2022-24 LTIP award is therefore 70% of maximum. The Committee has considered the formulaic out-turn and confirms that it remains comfortable that the payout level is appropriate in light of the overall performance and shareholder experience over the three-year performance period, and that no discretion is necessary to adjust the outturn.

Directors' Remuneration Report continued

Operation of the Remuneration Policy in FY2025

The base salaries of the Chief Executive Officer and the Chief Financial Officer were each increased by 3.25%, with effect from 1 September 2024, which is below the average percentage increase awarded to our workforce, the majority of whom saw an increase of 9.8%. Separately, the Board has agreed an increase of 3.25% to the fee rates of the Chairman and non-executive directors, including the fees for the chairing of Committees, the Senior Independent Director and the NED responsible for employee engagement, with effect from 1 September 2024.

For the executive directors, the annual bonus opportunity will remain at 100% of base salary, with 70% of the bonus subject to Adjusted Operating Profit and the remaining 30% subject to personal objectives, in line with the position last year. Whilst the specific targets are considered to be commercially sensitive and will be reported retrospectively in next year's report, the Committee has extensively reviewed the Operating Profit target range in order to ensure that it represents a stretching expectation when considered in light of the structural decline of news print, our cost-out expectations and ambitious growth plans for FY2025 and analysts' consensus expectations for our FY2025 profit performance. Following this review, we have concluded that these targets are particularly challenging and represent an appropriate level of stretch.

The LTIP grant level for the FY2025-27 award will continue to be 100% of base salary. In line with last year's award, performance will continue to be assessed based 60% on a relative TSR measure over a three-year performance period, 30% on final-year profit from growth and diversified activities and 10% on reduction in Scopes 1, 2 and (within categories 1, 4 and 6 of) Scope 3 emissions in the final year of the performance period.

Broader employee remuneration considerations and employee engagement

The Committee has continued its focus on the fairness agenda during the year as part of its review of workforce remuneration. The topic was discussed in detail in the Committee's meeting in March 2024, with a particular focus on the following areas:

- Considering the scale of the National Living Wage increase effective 1 April 2024, and the impact of this increase in the context of the review of the grading framework and pay structure;
- Considering the employee-benefits available to colleagues and noting the consistent take up levels. The Committee noted that a benefits survey was undertaken at the end of the financial year to help the business better understand what benefits colleagues truly value; and
- Approving the 2024 SAYE offer with a 20% discount price, and noting the increased participation rates this year with a significant majority of the take-up from lower employee grades.

I remain committed to engaging with our colleagues around remuneration and ensuring that their views are shared with the Committee. During the year, I attended several meetings with colleagues where our Company-wide remuneration policy and wider workforce pay were discussed alongside reward matters and the sharing of our aspirations around equitable reward. A particularly important aspect of these discussions was the opportunity to help colleagues to better understand the role and purpose of the Remuneration Committee and associated governance surrounding remuneration in a listed-plc environment, particularly in the context of balancing responsibility to both colleagues and shareholders alike. Helping our colleagues to understand this structure led to an open and informed discussion resulting in a number of valuable outcomes. These included an audit of the current benefit offering to identify desirability and to assess understanding and level of uptake of each of the benefits by different colleague groups in line with our Diversity & Inclusion agenda. The outcomes have been built into the reward agenda for the forthcoming financial year.

Concluding remarks

The Committee remains mindful that the decisions around executive pay outcomes should be proportionate and demonstrate a strong link between reward, performance and shareholder alignment. In this light, we are comfortable that the policy has operated as intended and remuneration is appropriate taking into account internal and external factors and measures (including pay ratios and gaps, colleague pay and the fairness agenda, and the overall stakeholder experience).

Finally, after a period of just over 9 years sitting on the Board and chairing the Remuneration Committee, I confirm that I will be stepping down from the Board and as Chair of the Remuneration Committee following the conclusion of the 2025 AGM. I would like to express my sincere gratitude for the support and contribution of my colleagues on the Board but also to all the colleagues who I have encountered over my time with the Company. I wish all associated with Smiths News every success for the future. I would also like to thank our shareholders for their engagement with, and support of, our remuneration agenda over the years.



Denise Collis
Remuneration Committee Chair

4 November 2024

Directors' Remuneration Policy

At-a-glance summary

A summary of the shareholder approved policy and its application for FY2025 is shown below.

Policy element	Jonathan Bunting Chief Executive Officer	Paul Baker Chief Financial Officer
Annualised base salary from 1 September 2024	£515,327	£335,714
% increase from prior year	3.25%	3.25%
Pension for FY2025	5% of base salary, aligned to the rate available to the majority of the workforce	
Annual bonus (ABP)	100% of base salary	
Annual bonus metrics	Adjusted Operating Profit (70%) Personal objectives (30%)	
ABP payment for threshold performance	0% of base salary	
ABP payment for on-target performance	50% of base salary	
Deferred Bonus Plan (DBP)	50% of annual bonus deferred for two years in shares	
LTIP	100% of base salary	
LTIP metrics	Relative Total Shareholder Return vs FTSE Small Cap (60%) Profit from growth and diversified activities (30%) ESG Scope 1, 2 and 3 emissions (tCO ₂ e) reduction (10%)	
LTIP payment for threshold performance	20% of award	
LTIP post-vesting holding period	2 years	
Malus and clawback	Applies to awards made under the ABP, DBP and LTIP	
Shareholding guidelines requirement	200% of base salary	
Post-cessation of employment shareholding requirement	Lower of 200% of base salary or shareholding on departure for two years post-cessation, excluding self-purchased shares	

Introduction

This report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the relevant provisions of the Companies Act 2006 and on the basis prescribed in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Where required, data has been audited by BDO LLP and is indicated accordingly.

Directors' Remuneration Policy

The following section sets out the Company's policy on remuneration for executive and non-executive directors, which was approved by shareholders at the Annual General Meeting on 24 January 2023. It is intended that the directors' Remuneration Policy will apply from this date for the maximum three years permitted by the regulations and so, in the absence of a new or amended policy or as otherwise required by law, will only be brought back to the shareholders at the Company's Annual General Meeting in 2026.

Decision-making process for the determination, review and implementation of the directors' Remuneration Policy

The aim of the policy remains to facilitate delivery of our long-term strategy through attracting, retaining and motivating high-calibre directors with the necessary skills and experience. In designing the policy, the Committee has adopted the principles set out in the 2018 edition of the UK Corporate Governance Code and also considered investor and investor representative body views and market practice. Where changes are made to the remuneration policy or a material change to operation, we will consult with our largest shareholders to ensure their views are taken into account. In addition, the Committee also considers management's views and input from its independent remuneration consultants.

Any potential conflicts of interest are managed by ensuring that no individual is involved in discussions regarding their own remuneration arrangements and that remuneration is fully aligned to and supports our business strategy and culture. When reviewing and implementing the policy, the Committee also carefully considers the remuneration arrangements, policies and practices of the workforce and the cascade of remuneration throughout the business.

Directors' Remuneration Report continued

The policy has been reviewed in light of the six factors listed in Provision 40 of the 2018 edition of the UK Corporate Governance Code:

- **Clarity** – the policy is as clear as possible and is described in straightforward concise terms.
- **Simplicity** – remuneration structures are as simple as possible and market typical, whilst at the same time incorporating the necessary structural features to ensure a strong alignment to performance, strategy and minimising the risk of rewarding failure.
- **Risk** – the policy has been shaped to discourage inappropriate risk taking through a weighting of incentive pay towards long-term incentives, the balance between financial and non-financial measures, a significant portion of the annual bonus being paid in shares, recovery provisions, and in-employment and post-employment shareholding requirements.
- **Predictability** – annual bonus and LTIP awards are subject to caps and dilution limits. Examples of how remuneration varies depending on performance is set out in the scenario charts. The Committee may exercise its discretion to adjust executive directors' remuneration if a formula-driven incentive payout is inappropriate in the circumstances. Outcomes will not reward poor performance.
- **Proportionality** – there is a sensible balance between fixed pay and variable pay, and incentive pay is balanced between annual and long-term performance.
- **Alignment to culture** – The Committee considers Company culture and wider workforce policies when shaping and developing executive director remuneration policies to ensure that there is coherence across the business. There is a strong emphasis on the fairness of remuneration outcomes across the broader workforce.

Executive directors

The table below sets out the Company's Remuneration Policy for executive directors:

Element	Purpose and link to strategy	Operation	Maximum	Performance conditions
Base salary	Provide fixed remuneration which is sufficient to recruit and retain individuals of the necessary calibre.	Salaries are set by the Committee taking into account: • the skills and experience of the individual; • the size and scope of the role; • market data for similar roles in comparable companies; and • performance of the individual and the business. Typically, salaries are reviewed annually, with any changes effective from 1 September each year.	There is no prescribed maximum salary. Salary increases will normally be in line with salary increases generally for colleagues. Larger increases may be awarded where the Committee considers it appropriate to reflect, for example: • significant changes in the size and/or complexity of the Group and/or of the role; or • individuals being moved to market positioning over time.	None.
Benefits	Ensure that benefits are sufficient to recruit and retain individuals of the necessary calibre and provide business continuity.	Executive directors are eligible to receive benefits which may include a company car (or cash equivalent), private medical insurance, a periodic health assessment and permanent health insurance. Where relevant, other benefits to reflect specific individual circumstances, such as housing, relocation, travel or expatriate allowances may also be provided. Executive directors are also provided with insured Death in Service benefits.	There is no prescribed maximum monetary value of benefits. Benefit provision is set at a level which the Committee considers to be appropriate for the nature and location of the role.	None.
Pension	Contribute towards funding later life cost of living.	Executive directors may participate in the Group's defined contribution pension plan, receive a salary supplement or a combination of the two.	The maximum employer contribution or salary supplement for executive directors is the contribution available to the majority of the workforce, currently 5% of salary.	None.

Element	Purpose and link to strategy	Operation	Maximum	Performance conditions
Annual bonus	To incentivise the delivery of the annual business plan.	Bonus levels are determined by the Committee after the year-end based on performance against targets set at the start of the financial year. The Committee retains discretion to adjust bonus payments, including to override the formulaic outcome of the award, in the event that performance against targets does not properly reflect the underlying performance of the Group and/or the relevant businesses, the overall shareholder experience or employee reward outcome. Half of the bonus is paid in (immediately vesting) shares but with appropriate and relevant trading restrictions imposed by the Company's share Registrars, in order to enforce a two-year deferral period and with the associated share certificate retained by the Company for two years. Clawback and dividend equivalent provisions apply (see notes below).	The maximum bonus opportunity in respect of a financial year is 125% of salary. The threshold payment level for the financial performance condition is 0% and up to 50% of the maximum may be payable for target performance. The Company's largest shareholders would be consulted beforehand if the bonus opportunity increases above 100% of salary (the currently applied maximum level).	Annual measures and targets will be set by the Committee at the start of the financial year. The majority of the bonus will be based on financial performance, with the remaining performance condition attributable to non-financial strategic or personal objectives, including ESG-related measures.
LTIP	To incentivise the delivery of long-term shareholder value.	Awards are made in the form of nil-cost options or conditional share awards, the vesting of which is conditional on the achievement of performance targets (as determined by the Committee). Vested awards must be held for a further two-year period before sale of the shares (other than to pay tax). The Committee retains discretion to adjust the outturn of an LTIP award, including to override the formulaic outcome of the award, in the event that performance against targets does not properly reflect the underlying performance of the Group and/or the relevant businesses, the overall shareholder experience or employee reward outcome. Malus and clawback provisions apply (see the notes below). The value of dividends payable over the vesting period may be paid, normally in the form of shares.	The maximum award in respect of a financial year is 150% of salary. The Company's largest shareholders would be consulted beforehand if the grant level increases above 100% of salary (the currently applied maximum grant level).	Performance conditions are based on the achievement of challenging financial, total shareholder return (TSR) or non-financial strategic (including related to ESG) performance targets measured over a period of three years normally. For the achievement of the threshold performance target, a maximum of 20% of the award will vest. A majority of the award will be based on financial and/or TSR based conditions.
All-employee share plans	To provide alignment with colleagues and to promote share ownership.	The executive directors may participate in any all-employee share plan operated by the Company.	Participation may be capped by the Committee and, in any case, within HMRC limits applying to the respective plan.	None.

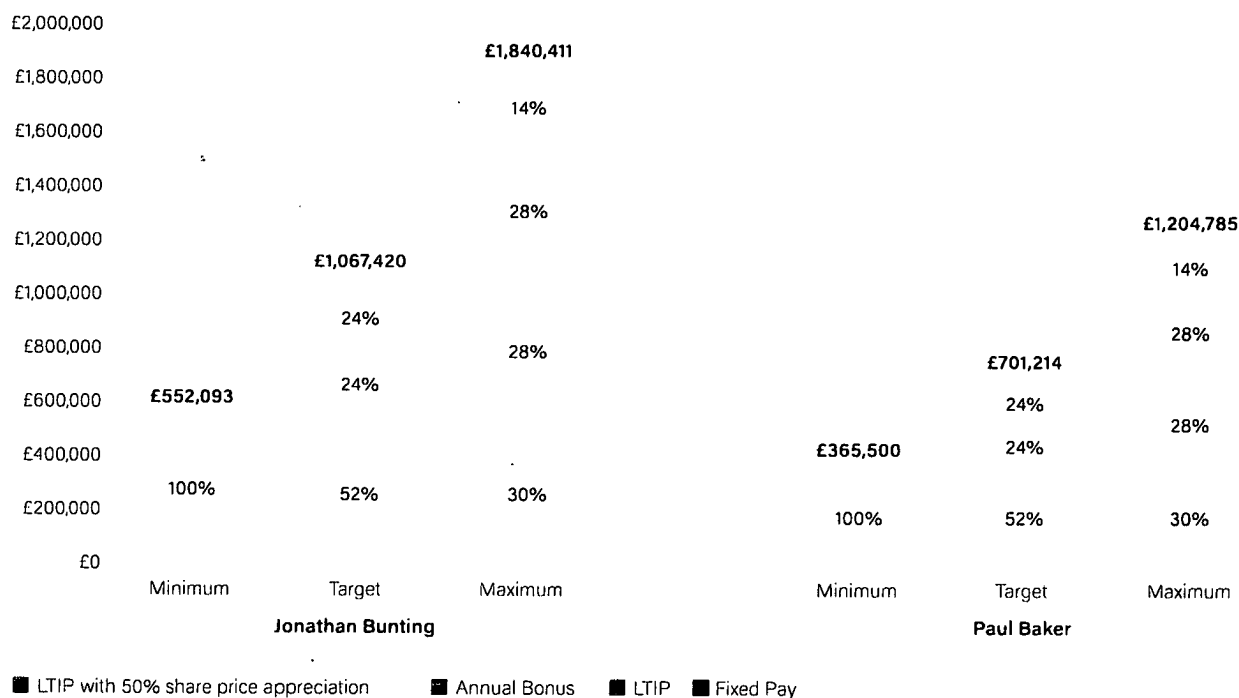
Directors' Remuneration Report continued

Element	Purpose and link to strategy	Operation	Maximum	Performance conditions
Shareholding guidelines	To provide alignment of interest between executive directors and shareholders.	The shareholding guideline for executive directors is 200% of base salary. Until this level is reached, except for payment of tax arising on the exercise of awards and other exceptional circumstances, executive directors will be required to retain 75% of the shares vesting under share incentive arrangements (excluding the application of the Sharesave Scheme). In exceptional circumstances, executive directors may seek permission from the Committee to temporarily go below their target holding. Following termination of their employment, executive directors will be required to retain shares at the lower of 200% of base salary, or the actual shareholding on departure, for two years post-cessation. Shares purchased voluntarily will not count towards this requirement.		

Notes to the policy table:

- Choice of performance measures – each year the Committee will select the most appropriate performance measures and targets for the annual bonus plan and LTIP. The measures selected will be aligned with Company strategy and key performance indicators and may also be based on total shareholder return.
- Participation in incentive schemes is at the discretion of the Committee.
- Legacy and mandated payments – the Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above: (i) where the terms of the payment were agreed before the policy came into effect; or (ii) where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in contemplation of the individual becoming a director of the Company; or (iii) where the Company is mandated to make the payment as a result of an award issued by a competent court, tribunal or authority. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
- Clawback and malus – the Company operates clawback and malus provisions for the annual bonus plan, DBP and LTIP. The Committee reserves the right to take such action as it reasonably considers appropriate to put the Company and participants in the same overall financial position as they would have been had certain circumstances (described below) not occurred. This includes a reduction or cancellation of vested or unvested share awards and/or a reimbursement to the Company of part or all of any cash or share payments within two years of payment. Such circumstances include, but are not limited to: (i) discovery of a material misstatement of the Company's audited results on the basis of which the payment was or would be determined; or (ii) serious reputational damage of the Company, any member of the Group or the relevant business as a result of the participant's misconduct; or (iii) gross misconduct by the participant; or (iv) corporate failure; or (v) any other similar circumstance or event which in the view of the Committee has a serious adverse effect on the Company, any member of the Group or the relevant business.
- There are some differences in the Directors' Remuneration Policy compared to the policy for colleagues generally. Whilst the overall structure of the remuneration package cascades throughout the business, participation in and the opportunity for the incentive plans varies by seniority. Pension opportunity for executive directors and the workforce is aligned. All permanent employees are invited to participate in the all-employee share plan. Overall, the Remuneration Policy for the executive directors is more heavily weighted towards variable pay than for other employees, to ensure a clear link between reward and the performance and value created for shareholders.

The charts below illustrate the application of the policy for FY2025. Each element (as a percentage of total remuneration) and the total values have been set out.



Notes

- (a) Fixed pay comprises annual base salary, benefits and pension, at current rates at the date of this report.
 (b) Benefits are the value received in FY2024.
 (c) The on-target level of annual bonus and LTIP is 50% of the maximum opportunity.
 (d) The maximum value also shows the impact of an increase in share price of 50% on the value of the LTIP award.
 (e) The value of dividend equivalents on LTIP vested awards is excluded.

Approach to recruitment remuneration

On appointment of a new executive director, the Committee would seek to offer a remuneration package which can secure an individual with the necessary skills, while seeking to pay no more than it believes is necessary to facilitate the appointment. Any remuneration package would be in line with the parameters set out in the directors' Remuneration Policy, which is salary set at a level to be able to recruit the most appropriate candidate, a maximum annual bonus opportunity of 125% of base salary and a maximum LTIP award of 150% of base salary.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting the appointment within the Company, the Committee may offer compensatory awards to facilitate recruitment. These awards would be in such form as the Committee considers appropriate taking into account all relevant factors, including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. The expected value of any compensatory awards would be no higher than the value forfeited.

If an executive director needs to relocate in order to take up the role, the Company may pay to cover the costs of relocation including (but not limited to), actual relocation costs, temporary accommodation and travel expenses.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share and incentive plans. If necessary, awards may be granted outside these plans as currently permitted under the Financial Conduct Authority's Listing Rules.

Directors' Remuneration Report continued

Contracts of service and policy on loss of office

Contracts of employment with executive directors may be terminated at any time by the Company or employee upon up to 12 months' notice. The contracts of employment do not include any provisions for predetermined compensation for early termination.

Executive director	Date of current contract	Notice from the Company	Notice from the individual	Unexpired period of service contract
Jonathan Bunting	1 March 2018, as supplemented by a letter of variation dated 15 June 2020	12 months	12 months	Rolling
Paul Baker	10 August 2021	12 months	12 months	Rolling

The Committee may terminate an employment contract immediately by making a payment in lieu of notice consisting of base salary only for the unexpired period of notice. In normal circumstances, such a payment would be made in monthly instalments over the period, subject to a duty to mitigate, and will be reduced by the amount in respect of income receivable from alternative employment, excluding a single non-executive directorship.

In the event that the employment of an executive director is terminated, any compensation payable will be determined in accordance with the terms of the service contract, as well as the rules of any incentive plans and post-cessation shareholding requirements. Incentives will be treated in the following way:

Annual bonus	Unless the Committee determines otherwise, executives will not be eligible for a bonus if they are under notice. If the Committee determines that the executive director is a good leaver ¹ they may still receive a bonus, reduced to reflect the portion of the year they were in active employment. Any payment would remain subject to performance and would be paid following the normal year-end assessment process.
DBP (deferred annual bonus shares)	Deferred bonus will be in shares, awarded at the outset, with a requirement for the executive directors to hold the shares for a two-year deferral period. The deferred shares would be subject to clawback and post-cessation shareholding requirements and any held shares would be subject to the executive share ownership requirements, including post-cessation of employment obligations.
LTIP	If the Committee determines that an executive director is a good leaver, LTIP awards may vest subject to performance and would normally be scaled back to reflect the portion of the performance period that has elapsed on the date that employment ceases. The awards will vest on the normal vesting date (other than in exceptional circumstances, such as death in service when the award may accelerate). The post-vesting holding period will continue to apply for the full two-year period. If an executive leaves the Group for any other reason, outstanding awards would lapse.

1. Good leaver reasons include death, injury, disability, redundancy, retirement by agreement with the Company, the employing entity no longer being part of the Group, or any other reason as determined by the Committee.

The Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment. The details and rationale for any such payments would be disclosed in the following year's directors' report on remuneration.

External non-executive director appointments

It is the Company's policy to allow each executive director to accept one non-executive directorship of a publicly quoted company provided that it does not conflict with the interests of the Company. Executive directors may retain the fee for such an appointment.

Consideration of pay and employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for colleagues throughout the Group when determining the annual salary increases for executive directors. In addition, any Group performance targets used in the executive bonus plan are cascaded into broader-based annual bonus arrangements for all eligible colleagues, to ensure alignment across the bonus plans and participating populations.

As part of the Board's commitment to broader stakeholder engagement, the Committee Chair meets with our National Colleague Engagement Forum, to explain the Company-wide remuneration policy and outline how executive remuneration operates. The discussions explore the pay structure at different organisation levels, in particular focusing on the checks and balances in place, to ensure pay for performance over both short and longer-term timeframes, and the 'fair pay' agenda and fair pay principles adopted by the Company following colleague engagement.

Consideration of shareholder views

The views of shareholders are very important to the Committee and feedback received from shareholders following publication of the Annual Report and at the AGM is welcomed. It is the Committee's policy to consult with its largest shareholders and investor representative bodies before proposing any material changes to the Remuneration Policy. In line with our policy, the Committee undertook a thorough consultation with our largest shareholders to inform the policy review. There were no matters during FY2024 that required shareholder consultation.

The table below sets out the Company's Remuneration Policy for non-executive directors:

Element	Purpose and link to strategy	Operation	Maximum
Chairman's and non-executive directors' fees	To attract and retain high-calibre individuals	Fee levels are set to reflect the time commitment, demands and responsibility of the role, taking into account fees paid by similarly sized companies. Fees are reviewed from time to time to ensure that they remain in line with market practice. Fees are paid in equal monthly instalments. The Chairman's fee includes his chairmanship of the Nominations Committee.	There is no prescribed maximum.
Additional fees	To provide compensation to non-executive directors taking on additional responsibility	Non-executive directors (other than the Chairman) are paid an additional fee for their chairmanship of a Board Committee or additional responsibility, such as chairing the National Colleague Engagement Forum, or may be paid additional fees for significant additional workload or roles.	There is no prescribed maximum.
Benefits	To facilitate the execution of the role	The Company reimburses reasonable travel and subsistence costs and other legitimate business expenses, including any tax that may be incurred.	There is no prescribed maximum.

The Chairman and non-executive directors do not participate in any pension or incentive plans.

Recruitment policy

The remuneration package for a newly appointed non-executive director would be in line with the policy outlined above.

All non-executive directors, including the Chairman, have a letter of appointment for an initial three-year term, subject to review thereafter.

The table below details the letter of appointments for each non-executive director.

Non-executive directors	Date of current letter of appointment	Notice from the Company	Notice from the individual	Date current term is due to expire
David Blackwood	6 May 2020	3 months	3 months	2027 AGM
Denise Collis	16 November 2015	3 months	3 months	2025 AGM
Michael Holt	30 September 2018	3 months	3 months	2025 AGM
Deborah Rabey	27 February 2023	3 months	3 months	2027 AGM
Mark Whiteling	14 August 2017	3 months	3 months	2027 AGM

Directors' Remuneration Report continued

Annual report on remuneration

Total remuneration payable in respect of FY2024 (audited)

The total remuneration for each director for FY2024 and the prior year is set out below.

	Jonathan Bunting		Paul Baker	
	FY2024 '000	FY2023 '000	FY2024 '000	FY2023 '000
Fixed pay				
Salary	499	483	325	315
Benefits ^(a)	11	15	14	17
Pension benefits	25	24	16	15
Total fixed pay	535	522	355	347
Performance-related pay				
Annual bonus payments	373	301	255	196
LTIP award vesting ^(b)	496	692	323	–
Dividend equivalent payments ^(c)	97	101	63	–
Total variable pay	966	1,094	641	196
Total single figure	1,501	1,616	996	543

(a) Benefits include the taxable value of a company car (Jon Bunting) or car cash allowance (Paul Baker), private medical insurance and the intrinsic value of Sharesave options granted during the year, as applicable to each director.

(b) The FY2022-24 LTIP awards were granted on 29 December 2021. As a result of the final assessment against the free cash flow and TSR performance conditions, 70.0% of the awards vested on 4 November 2024 (based on performance to 31 August 2024), resulting in 869,299 shares vesting for Jonathan Bunting and 566,313 shares vesting for Paul Baker. The vested award has been valued at 57.0p per share, being the opening market price of the Company's shares on the date of vesting (4 November 2024). Further details on the FY2022-24 award and vesting can be found on page 111.

(c) Dividend payments equivalent to the aggregate of all dividends paid during the vesting period applicable to the LTIP vesting noted in note (b) above, paid in shares.

Remuneration and link to performance during the year (audited)

Annual bonus

In FY2024, the executive directors had a maximum opportunity under the annual bonus of 100% of salary, split 70% on financial performance and 30% on personal objectives. Performance measures and actual performances are set out in the table below:

Measure	Weighting	Targets			Actual result (£m)
		Threshold (0%)	Target (50%)	Max (100%)	
Group adjusted operating profit	70%	£36.3m	£38.2m	£40.1m	£39.1m
Personal objectives	30%	See detail below			See detail below

For the financial year under review, the executive directors were each given a number of personal objectives against which the personal element of the annual bonus was assessed. These are set out in the table below, together with the basis for their assessment.

Personal objective	Weighting of objective	Target	Achievement	Outcome (%)	Bonus paid (%)
Jonathan Bunting					
Growth	30%	Achieve an adjusted operating profit of £2m from Growth activities over the year	Stretch target achieved, being a 190% increase in profit from Growth activities compared with FY2023	80%	24%
Income	15%	Secure renewal of our publisher contracts and related income targets	91% of current revenues have been secured through to 2029 (including a heads of terms agreement with Reach plc) following the successful conclusion of publisher contract renewals in the year	80%	12%
Cost	15%	Deliver £5.5m of cost-out savings	Continued focus on cost-out efficiencies delivered £5.6m cost savings in the year	90%	14%
Strategy	30%	Create and commence implementation of a plan to develop strategic partnerships and/or value-chain optionality within the Company's growth ambitions	Plan developed, with approaches and relationships established to support future growth initiatives. Plan now in roll out phase	50%	15%
Engagement	10%	Achieve a 5% improvement on the blended employee engagement score from 2023	Two engagement surveys completed within the financial year, with a 9% increase in score between the first and second survey	100%	10%
Total (out of a maximum 30% bonus opportunity)	100%				75.0%

Directors' Remuneration Report continued

Personal objective	Weighting of objective	Target	Achievement	Outcome (%)	Bonus paid (%)
Paul Baker					
Refinancing	30%	Ensure successful delivery of refinancing	Refinancing concluded in May 2024, with material improvement in terms	100%	30%
Value creation	30%	Initiate 'early morning' strategic review to support future growth opportunities and ambitions Lead market scan for inorganic growth opportunities	'Early morning' markets plan developed to support future growth opportunities and ambitions, with possibility to extend to adjacent bolt-on inorganic targets Market scan for inorganic growth opportunities initiated and ongoing	85%	25.5%
Sustainability	20%	Lead further development of the Sustainability agenda	Assumed role of chair of a Sustainability board sub-committee Conducted deep analysis of sustainability reporting data and developed improvement roadmap with enhanced metrics and targets for implementation in FY2025 Initiated deep focus review of Scope 3 emissions within the supply chain to ensure alignment of approach	85%	17%
Growth/ efficiency	10%	Create a three-year business plan and review of cost saving initiatives across (i) Operations and (ii) Functional Support Plans	Three-year business plan developed and signed off by the Board. 5% costs challenge established and delivered across the business in the year	75%	7.5%
Finance Function Transformation Growth reporting, analysis and insight	10%	Create and implement a Finance Transformation roadmap including organisation development and synergy enhancement, with specific emphasis on enabling the new Growth propositions	Delivery against Plan	75%	7.5 %
Total (out of a maximum 30% bonus opportunity)	100%				87.5%

Further detail on our key strategic objectives and performance against those objectives is provided in the Strategic Report on page 14.

As a result of the financial performance and each director's respective personal performances as noted above, the overall bonus outcomes are as follows:

	Financial performance (70%)	Personal performance (30%)	Total bonus outcome for FY2024 (% of base salary)	Total bonus payment ¹
Jonathan Bunting	74.61%	75.0%	74.73%	£372,958
Paul Baker	74.61%	87.5%	78.48%	£255,160

1. 50% of the bonus payment is deferred into shares for two years.

The Committee is satisfied that these bonus payments represent a strong link between reward and performance, being aligned with the overall shareholder experience and consistent with the bonus payments made to employees generally.

Long-term incentive plan

Jonathan Bunting and Paul Baker were each granted LTIP awards on 29 December 2021 which were subject to performance over a three-year performance period FY2022-24. The two performance measures were final year (FY2024) free cash flow and TSR relative to the FTSE Small Cap (excluding investment trusts). The targets set and the final level of vesting for both measures are set out in the table below.

FY2022-2024 award	Weighting	Threshold (20% vesting)	Maximum (100% vesting)	Actual performance	Vesting
Cumulative Free Cash Flow	30%	£36.4m	£40.4m	£35.0m	0% (of 30%)
Total Shareholder Return vs FTSE Small Cap	70%	Median	Upper quartile	Above upper quartile	70% (of 70%)
Final total vesting (% of max)					70.0%

The Committee has considered the appropriateness of the rate of vesting at 70.0% and confirms that it is comfortable that the payout level is appropriate in light of the overall long-term performance and shareholder experience over the three-year performance period, and that no discretion would be necessary to adjust the outturn.

Accordingly, the table below shows the number of shares vesting and the value of these shares for the FY2022-2024 award:

	Number of shares at grant	Value at grant (37.7p)	Total vesting outcome	Number of shares vesting	Value on vesting ^(a)	Value attributable to share price growth on vesting	Dividend payment ^(b)
Jonathan Bunting	1,241,856	£468,180	70.0%	869,299	£495,500	£27,320	£97,361
Paul Baker	809,018	£305,000	70.0%	566,312	£322,798	£17,798	£63,426

(a) The FY2022-24 LTIP awards have been valued at 57.0p per share, being the opening market price of the Company's shares on the date of vesting (4 November 2024).

(b) Dividend payments equivalent to the aggregate of all dividends paid during the vesting period, paid in shares.

Share plans – awards made during the year**LTIP awards granted in FY2024 (audited)**

On 30 November 2023, executive directors were granted the following FY2024-2026 LTIP awards:

Executive director	Share price at date of grant ¹	Number of nil-cost options subject to maximum award	Face value of award	Percentage of awards released for achieving threshold targets ²	Performance period
Jonathan Bunting		1,048,542	£499,106		FY2024-2026
Paul Baker	47.6p	683,081	£325,147	20%	

1. Share price is the mid-market average price in the three days immediately prior to the date of grant.

2. 100% for achieving maximum targets.

Awards are subject to (i) relative total shareholder return compared to the companies comprising the FTSE Small Cap Index (excluding investment trusts) (for 60% of the award), (ii) final year profit from growth and diversified activities in FY2026 (for 30% of the award) and (iii) an absolute reduction in final year Scopes 1, 2 and (within categories 1, 4 and 6 of) Scope 3 emissions in FY2026 (for 10% of the award).

The performance conditions applied to the awards were as follows:

Performance period	Relative TSR compared to the companies comprising the FTSE Small Cap Index over the three- year performance period (60% of the award)	Final Year Profit from Growth and Diversified Activities in FY2026 (30% of the award)	An absolute reduction in Final Year/FY2026 Scopes 1, 2 and (within categories 1, 4 and 6 of) Scope 3 emissions (10% of the award)	Proportion exercisable
	Below median rank	Below £3.5m	More than 238,903 tCO ₂ e	Zero
	Median	£3.5m	238,903 tCO ₂ e	20%
Three years ending 29 August 2026	Between median and upper quartile	Between £3.5m and £6m	Between 238,903 tCO ₂ e and 205,145 tCO ₂ e	20%-100%
	Upper quartile or higher	£6m	205,145 tCO ₂ e	100%

Directors' Remuneration Report continued

Deferred Bonus Plan awards granted in FY2024 (audited)

On 23 November 2023, the following awards were granted to the Chief Executive Officer and Chief Financial Officer under the DBP, equating to 50% of their FY2023 bonus payment, as follows:

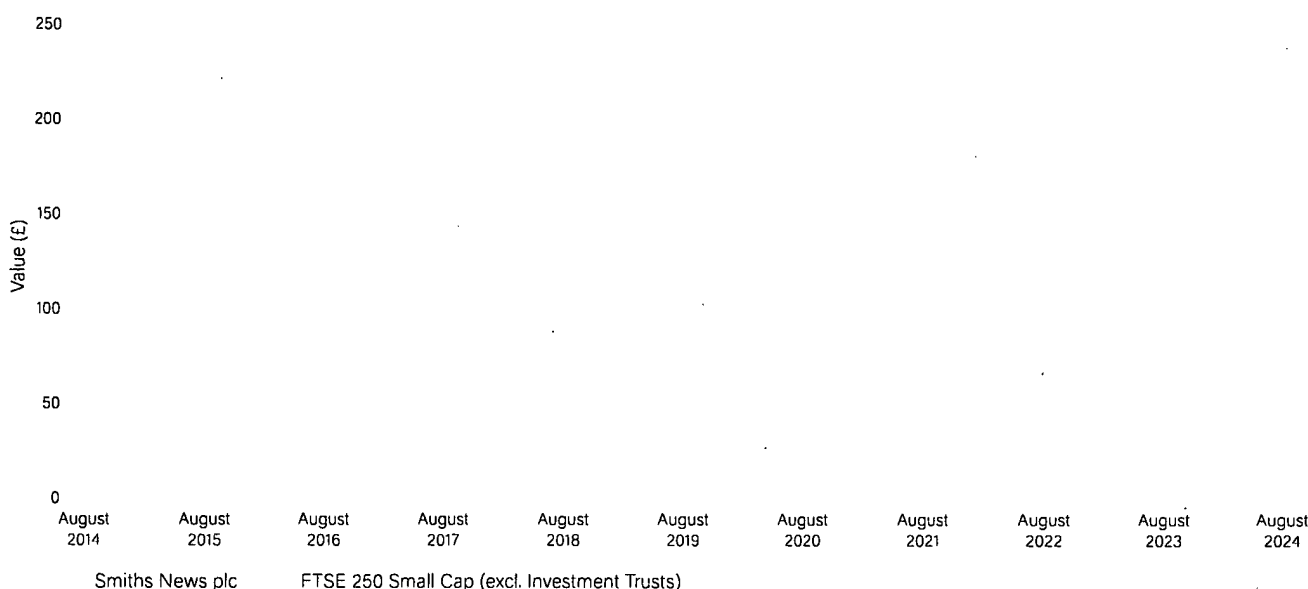
Executive director	Share price at date of grant ¹	Number of nil cost options subject to award	Face value of award
Jonathan Bunting	47.1p	319,091	£150,292
Paul Baker	47.1p	207,875	£97,909

1. Share price is the mid-market average price in the three days immediately prior to the date of grant.

Awards are immediately exercisable subject to the shares being held (after payment of taxes) for a period of two years from the date of grant in line with the Company's shareholding guidelines policy and subject to clawback within this period. As part of this deferral period, appropriate and relevant trading restrictions have been imposed with the Company's Registrars, in order to enforce the two-year deferral period and the associated share certificate retained by the Company.

Performance graph and table

The graph below shows the Company's Total Shareholder Return (TSR) performance against the TSR of the FTSE Small Cap Index (excl. Investment Trusts) over the past ten years. The FTSE Small Cap Index was chosen because it represents a broad equity market index of which the Company has primarily been a constituent and is the benchmark for the relative Total Shareholder Return performance condition used for the LTIP awards. The table below the graph sets out the total remuneration for the Chief Executive Officer during each of the last ten financial years.



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Chief Executive Officer Total remuneration (£'000)	1,095	882	794	539	537	596	917	1,209	1,616	1,501
Chief Executive Officer Annual bonus payment (% of maximum)	71.3%	38.9%	15.0%	0.0%	0.0%	20.0%	82.2%	68.7%	62.18%	74.73%
Chief Executive Officer EPP ¹ payout (% of maximum)	61.5%	72.0%	72.0%	0.0%	N/A	N/A	N/A	N/A	N/A	N/A
Chief Executive Officer LTIP vesting (% of maximum)	63.5%	0.0%	0.0%	0.0%	0.0%	0.0%	27.6%	72%	91.38%	70.0%

Percentage change in directors' remuneration

The table below shows the percentage change in the directors' salary, taxable benefits and annual bonus over the relevant reporting periods noted in the table compared to the average of all UK-based employees. This group has been chosen as the majority of our workforce is UK-based.

	Chairman	CEO	CFO	D Collis	M Holt	D Rabey	M Whiteling	UK employees
% change FY2020								
Base salary/fees	0.0	0.0	N/A	0.0	0.0	N/A	0.0	5.6
Benefits	0.0	(30.8)	N/A	0.0	0.0	N/A	0.0	(1.0)
Annual bonus	-	100.0	N/A	-	-	N/A	-	20.6
% change FY2021								
Base salary/fees	0.0	2.0	N/A	0.0	0.0	N/A	0.0	(3.1)
Benefits	0.0	(38.1)	N/A	0.0	0.0	N/A	0.0	0.0
Annual bonus	-	346.7	N/A	-	-	N/A	-	282.1
% change FY2022								
Base salary/fees	0.0	2.0	N/A	15.0	16.7	N/A	13.6	7.7
Benefits	0.0	7.7	N/A	0.0	0.0	N/A	0.0	0.0
Annual bonus	-	(14.6)	N/A	-	-	N/A	-	(3.1)
% change FY2023								
Base salary/fees	3.25	3.25	3.25	3.25	3.25	N/A	3.25	7.7
Benefits	-	5.1	45.5	-	-	-	-	0.0
Annual bonus	-	(6.5)	7.1	-	-	-	-	3.8
% change FY2024								
Base salary/fees	3.25	3.25	3.25	3.25	3.25	3.25	3.25	8.5
Benefits	-	11.2	14.0	-	-	-	-	0.0
Annual bonus	-	23.9	30.0	-	-	-	-	30.1

1. The value of the Chairman's fee in FY2020 represents the combined remuneration for Gary Kennedy (to 13 May 2020) and David Blackwood (from 13 May 2020) and from FY2021 exclusively represents the remuneration of David Blackwood.
2. The CEO's values in FY2020 represent the combined remuneration for Jos Opdeeweegh (to 5 November 2019) and Jonathan Bunting (from 5 November 2019), and from FY2021 exclusively represents the remuneration of Jonathan Bunting.
3. For part of FY2020, the annual fee for Michael Holt was temporarily increased by £205,000 per annum for the duration of his tenure as Executive Chairman of Tuffnells Parcels Express from 5 November 2019 until its sale on 7 May 2020.

Chief Executive Officer pay ratio to the workforce

The table below shows the ratio of the Chief Executive Officer's single figure total remuneration to the median (50th percentile), 25th and 75th percentile paid employee, based on the total remuneration of the Group's full-time equivalent UK colleagues.

The employee total remuneration includes wages and salary, taxable benefits, annual bonus, share-based remuneration and other incentive plans and pension benefits. In line with the pay ratio regulations, we have shown the pay ratio going back to FY2018.

Year	Methodology	Population	25th percentile	Median	75th percentile
FY2024	Option B	Employee salary	£22,011	£24,204	£26,466
		Employee total remuneration	£22,011	£24,977	£27,415
		CEO to employee pay ratio	68.2:1	60.1:1	54.8:1
FY2023		CEO to employee pay ratio	78.4:1	72.4:1	62.6:1
FY2022		CEO to employee pay ratio	63.3:1	57.8:1	43.9:1
FY2021		CEO to employee pay ratio	51.6:1	40.8:1	38.5:1
FY2020		CEO to employee pay ratio	34.7:1	29.1:1	23.9:1
FY2019		CEO to employee pay ratio	31.8:1	22.7:1	18.8:1
FY2018		CEO to employee pay ratio	32.4:1	26.3:1	17.8:1

The Company has calculated the ratios in accordance with the Option B methodology laid out in the pay gap regulations which has been deemed the most reasonable and practical approach given the collation of data exercise required and held by the Company for gender pay gap reporting purposes. The data for the three employees at each quartile is based on the gender pay gap data as at April 2024 and has been calculated at a full-time equivalent level, based on the full time hours for the role, to allow for direct comparison.

The composition of colleague population in each of the reporting years FY2018-FY2024 remains consistent, with over 50% of colleagues in operational roles within the warehouse and field operations. As previously reported, these roles typically attract pay levels at or just above the National Living Wage upon inclusion of shift allowances. Hence, given the large proportion of these operational roles, this continues to evidence the salaries that sit at both the 25th percentile and at median and, also, explains the close proximity of salaries and total remuneration reported in the table above between those two points. The second-largest population consists of administrative and field sales support, team leaders/supervisors and management roles, with the remainder of colleagues (reflective at the 75th percentile) made up of professional functional roles and higher management grades which span Leadership Levels 1-4 and who, therefore, have a broad range of salaries, benefits and entitlement to performance-related incentives.

In reviewing the pay ratio in accordance with our resourcing requirements, the data and ratios are considered to represent a true reflection of pay within the Company and demonstrates the varied, but consistently applied, pay practice reported at each percentile due to (i) the Company's organisational shape and diverse range of roles within each grade in the business, (ii) the significant weighting of warehouse and field operational roles sitting at both the 25th percentile and median and (iii) the emphasis on fixed pay and overtime, rather than performance-related initiatives across most of our colleague population. Notably, the overall pay package for the CEO has a higher weighting to performance-related pay (part of which is share based) than for employees at the three comparable percentiles.

Directors' Remuneration Report continued

The overall pay ratio for FY2024 identifies a marginal reduction from that reported in FY2023 primarily as a result of a reduction in the vesting level of the FY2022-24 LTIP, although this has been partially offset by an increase in the FY2024 annual bonus payment outturn (as reported in the Total Single Figure table on page 108). Pay levels otherwise remain comparable to prior years at the lower quartile and median levels save for legislative changes to the National Living Wage, with minimal changes elsewhere in the composition of colleagues or of the eligible benefits available to those colleagues at the lower quartile and median levels.

As noted above, the pay gap in FY2024 indicates a marginal lowering this year than in FY2023 but an increase against each of the prior years before FY2023, noting that for each of FY2020, FY2019 and FY2018, the ratios did not include any LTIP payments and, for each of FY2018 and FY2019, the ratios did not include any annual bonus payments either, each of which softened the CEO remuneration for those comparable years.

Relative importance of spend on pay

The table below illustrates the Company's expenditure on pay in comparison to adjusted EBITDA, corporation tax paid and distributions to shareholders by way of dividend payments.

	FY2024 £m	FY2023 £m	% change
Total employees pay	45.0	45.2	3.3%
Adjusted Operating Profit	39.1	38.8	0.8%
Corporation tax paid	8.5	6.6	28.8%
Dividends paid	10.8	9.8	10.2%

The figures above are principally set out in the income statements on pages 130 and on pages 138 and 148 in the Notes to the Group Financial Statements. Total employee pay is the total pay for all colleagues across the Company. Adjusted operating profit has been used as a comparison as this is the key financial metric which the Board considers when assessing the Company's financial performance. Corporation tax paid and dividends paid have also been used as a comparison as these together indicate the sustainable after tax and dividends paid position of the Company for reinvestment.

Payments to former directors and payments for loss of office

There were no payments to former directors or payments for loss of office during the year.

Employee Benefit Trust

The Company's Employee Benefit Trust is used to facilitate the acquisition of ordinary shares in the Company to satisfy awards granted under the Company's executive share schemes and Sharesave Scheme. The Trust is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Company. The Trust waives its right to vote and to dividends on the shares that it holds.

The Trustee is Computershare Trustees (Jersey) Limited, an independent professional trustee company based in Jersey.

The number of shares held in the Employee Benefit Trust at 31 August 2024 was 8,031,253 ordinary shares.

The Board has resolved that all employee share scheme exercises in FY2024 and, until otherwise agreed, all future employee share scheme exercises in FY2025 should be satisfied through the Employee Benefit Trust, using market purchased shares and intends to instigate a plan for share purchases to cover likely future commitments.

Dilution of share capital by employee share plans

Awards granted under the Company's Sharesave Scheme have, in the past, been satisfied by the issue of new shares when the options are exercised. The Company monitors the number of shares issued under the Sharesave Scheme and, as at 31 August 2024, had issued 2,906,449 new shares within the past ten-year period, representing 1.17% of the issued share capital. This is well within our dilution limit of 10% in any rolling ten-year period in the Sharesave Scheme rules and in line with the guidelines set by the Investment Association.

Executive directors' incentive plan share interests (audited)

The table below sets out details of outstanding share awards held by executive directors as at 31 August 2024 under the LTIP and DBP (covering deferred annual bonus awards), together with exercises made during the year under both the LTIP and DBP. Awards under these schemes are structured as nil cost options. In addition, the table sets out awards held by executive directors pursuant to the Sharesave Scheme.

	Unvested subject to performance measures ¹	Unvested without performance measures ²	Vested but unexercised	Vesting during the year ³
Jonathan Bunting	2,872,037	40,613	0	1,760,062
Paul Baker	1,871,013	0	0	207,875

1. These unvested awards relate to the FY2022-FY2024 LTIP which have vested at 70.0% of maximum on 4 November 2024, and the FY2023-FY2025 and FY2024-FY2026 LTIPs. The FY2022-FY2024 and FY2023-FY2025 awards are subject 70% to TSR and 30% to free cash flow performance conditions. The FY2024-FY2026 award is subject 60% to TSR, 30% to free cash flow performance and 10% to ESG conditions.

2. These awards relate to awards made under the Company's SAYE plan in FY2023 (40,613).

3. These awards relate to the immediately vesting annual bonus deferred shares (which were granted to executive directors under the DBP on 23 November 2023, equating to 50% of their respective FY2023 bonus) and, in the case of Jonathan Bunting, both the FY2021-23 LTIP (1,601,476 shares) and the Company's SAYE plan in FY2020 (42,857 shares). The awards relating to the annual bonus deferred shares and LTIP vesting must each be held for at least two years.

Executive directors' shareholdings and shareholding guidelines

The shareholding guideline for executive directors is 200% of salary. Until this level is reached, except for payment of tax arising on the exercise/vesting of awards and in other exceptional circumstances, executives will be required to retain 75% of the shares vesting under share incentive arrangements (excluding the application of the Sharesave Scheme). The table below sets out the beneficial interests of the executive directors who served during the year, and of their connected persons, in the ordinary shares of the Company, together with the level held against the shareholding guidelines.

Name	Salary	Holding on 26 August 2023	Holding on 31 August 2024	Valuation of current holding ¹	% of salary held compared to 200% of salary target shareholding	Shareholding requirement met?
Jonathan Bunting	£499,106	1,695,080	2,529,022	£1,446,600	290%	Yes
Paul Baker	£325,147	175,370	285,200	£163,134	50%	No

Between 31 August 2024 and 4 November 2024 (the publication date of this report), there has been no other change in the executive directors' shareholdings shown above.

Non-executive directors

Non-executive directors' fees

The following fees were paid to non-executive directors for FY2024 and FY2023 (audited):

	Year £000	Base fee £000	Additional fees £000	Benefits ¹ £000	Total fees
David Blackwood ²	FY2024	149.2	-	1.0	150.2
	FY2023	144.5	-	1.4	145.9
Denise Collis ³	FY2024	50.6	10.6	0.6	61.8
	FY2023	49.0	10.3	1.0	60.3
Michael Holt ⁴	FY2024	50.6	5.3	0.2	56.1
	FY2023	49.0	5.1	0.2	54.3
Mark Whitelng ⁵	FY2024	50.6	16.0	0.8	67.4
	FY2023	49.0	15.4	0.8	65.2
Deborah Rabey ⁶	FY2024	50.6	0.0	0.5	51.1
	FY2023	24.5	0.0	0.3	24.8

1. The benefits disclosed relate to the reimbursement of travel and accommodation expenses incurred in attending Board meetings at the Company's premises around the UK. The grossed-up value has been disclosed and the tax arising is settled by the Company.

2. The Company chairman is paid a single fee which includes chairmanship of the Nominations Committee.

3. Denise Collis received an additional £10,661 per year as chair of the Remuneration Committee.

4. Michael Holt is responsible for Board colleague engagement and is chair of the National Colleague Engagement Forum. He received an additional £5,330 per year for this role.

5. Mark Whitelng is Senior Independent Director and received a fee of £5,330 per year for this role plus a fee of £10,660 per year as chair of the Audit Committee.

6. Deborah Rabey joined the Board on 1 March 2023.

Non-executive directors' shareholdings (audited)

The beneficial interests of the non-executive directors who served during the year are set out below:

	31 August 2024	26 August 2023
David Blackwood	284,510	284,510
Denise Collis	48,846	48,846
Michael Holt	0	0
Mark Whitelng	80,000	80,000
Deborah Rabey	0	0

There has been no change in the non-executive directors' shareholdings shown above between 31 August 2024 and 4 November 2024 (the publication date of this report).

Directors' Remuneration Report continued

Implementation of the Remuneration Policy in FY2025

Executive directors

Base salary

The base salary for the Chief Executive Officer increased by 3.25% to £515,327, and the base salary for the Chief Financial Officer increased by 3.25% to £335,714 with effect from 1 September 2024, each of which is below the average percentage increase awarded to our workforce, the majority of whom saw an increase of 9.8%.

Pension

The Company's pension contribution for executive directors is 5% of salary, which is aligned to the rate available to the majority of the workforce.

Bonus

The annual bonus opportunity will remain at 100% of salary. 70% will be based on Adjusted Operating Profit as this will be the key measure of profitability against which business performance will be assessed over the year and will be in line with our internal financial reporting. An Operating Profit target range has been set against a stretching budget number and is also considered to be challenging in light of analysts' consensus expectations for our FY2025 profit performance. 30% will be based on personal measures which will be based on the achievement of stretching targets set against our operational KPIs.

Of the maximum bonus, 50% will be paid out for both the financial and personal objectives for on-target performance. The Committee will apply discretion as to whether any payment should be made on the personal element of the bonus in the event that the financial targets are not met. There will also be a requirement for a minimum personal performance rating to be achieved before the financial performance element may be paid.

The performance targets are considered commercially sensitive, so will not be disclosed in advance. However, there will be full disclosure of the targets that were set, the performance against them and the bonus payable, in next year's Annual Report.

LTIP

LTIP awards are expected to be granted within 42 days following publication of the Company's preliminary financial results for FY2024 covering the performance period FY2025-2027.

The LTIP grant level for the FY2025-2027 award will be 100% of base salary. Performance will be assessed at 60% on a relative Total Shareholder Return measure over a three-year performance period, 30% on final-year profit from growth and diversified activities and 10% on reduction in Scopes 1, 2 and (within categories 1, 4 and 6 of) Scope 3 emissions in the final year of the performance period. For further details please see the TCFD report on pages 34 to 59.

The performance targets are set out below:

Measure	Weighting	Threshold (20% vests)	Maximum (100% vests)
Relative TSR versus the companies comprising the FTSE Small Cap index (excluding investment trusts) as at the date of grant	60%	Median	Upper quartile
Profit from growth and diversified activities in the final year (FY2027) of the three-year performance period	30%	£4.81m	£7.50m
ESG measure – 4.96% absolute reduction in Scopes 1, 2 and (within categories 1, 4 and 6 of) Scope 3 emissions (tCO ₂ e) in the final year (FY2027) of the three-year performance period	10%	227,103 tCO ₂ e	195,266 tCO ₂ e

TSR provides a strong and direct incentive to continue to focus on share price growth and shareholder value whilst the continuation of an ESG measure is a reflection of the Board's increasing oversight of TCFD reporting and its ambitions in this area to improve our environmental footprint. The profit generated from growth and diversified activities measure represents the growing importance of the strategic imperative for the Company to successfully diversify and explore new revenue opportunities within its core markets and other adjacent categories and aligns with the Board's ambitions to measure the success of management's endeavours in this important area. The target range from 87.5% of target (at threshold) through to 136.5% of target (at maximum) reflects the Company's stretching growth and diversification ambitions. The significant stretch above target has been set based on an expected mix of both organic growth and growth by acquisition, in line with the business strategy.

Non-executive directors

Non-executive directors' fees in FY2025

The Company Chairman's fee rate increased by 3.25% from £149,247.88 to £154,098.43 with effect from 1 September 2024, and the non-executive directors' fees similarly increased by 3.25% with effect from 1 September 2024, such that the following rates now apply:

- the base fee rate increases from £50,637.67 per annum to £52,283.39;
- the additional fee for chairing the Board's Committees increases from £10,660.56 per annum to £11,007.02 per annum; and
- the additional fees for the role of Senior Independent Director and/or chairing the National Colleague Engagement Forum increase from £5,330.28 per annum to £5,503.51 per annum.

Remuneration Committee

David Blackwood is non-executive chairman of the Board and was deemed independent on appointment. All other members of the Committee are independent non-executive directors.

In addition to the formal number of Committee meetings set out below, members regularly engaged throughout the year in considering various other matters that arose under the remit of the Committee.

	Meetings attended	Possible meetings
Denise Collis	4	4
David Blackwood	4	4
Michael Holt	4	4
Mark Whiting	4	4
Deborah Rabey	4	4

The Committee's terms of reference, which are available on the Company's website → www.smithsnews.co.uk and from the Company Secretary on request, set out the responsibilities of the Committee.

During the year, the Committee was supported in its work by its appointed external advisers, Korn Ferry, who were paid fees of £30,688 (plus VAT). Korn Ferry has no connection with the Company or the directors. Based on its experience of working with the advisers, the Committee is satisfied that the advice received from Korn Ferry has been, and continues to be, objective and independent. Korn Ferry provides no other services to the Company that could potentially lead to a conflict of interest with the independent advice to the Committee.

Korn Ferry is a founder member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at → www.remunerationconsultantsgroup.com.

The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and General Counsel, the People Director and the Head of Reward also attended Committee meetings in the year but were not present when their own performance or remuneration was discussed.

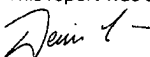
Shareholder vote

The table below sets out the voting results for the Directors' Remuneration Policy at the 2023 AGM and the Directors' Remuneration report at the 2024 AGM:

Resolution	Votes for	Percentage of votes cast in favour	Votes against	Percentage of votes cast against	Total votes cast	Votes withheld
To approve the Remuneration Policy (2023 AGM)	130,074,330	91.34%	12,336,356	8.66%	142,410,686	86,953
To approve the Directors' Remuneration report for the year ended 26 August 2023 (2024 AGM)	127,710,514	88.72%	16,243,992	11.28%	143,954,506	140,501

Approval

This report was approved by the Board and signed on its behalf by:



Denise Collis

Remuneration Committee Chair

4 November 2024

Directors' Report – Other statutory disclosures

Directors' Report

This Annual Report and the Group Financial Statements include the Directors' Report and the audited financial statements of Smiths News plc (the 'Company') and its subsidiaries (the 'Group') for the 53 week period ended 31 August 2024. The information required to be disclosed in the Directors' Report is provided in the following sections of the Annual Report, which are incorporated into this Directors' Report by reference:

- Strategic Report on pages 1 to 71;
- Corporate Governance report on pages 72 to 85;
- Audit Committee report on pages 86 to 93;
- Nominations Committee report on pages 94 to 97;
- Sustainability Committee report on pages 32 to 33;
- Directors' Remuneration report on pages 98 to 117;
- Sustainability and TCFD report on pages 34 to 59;
- this section, Other statutory disclosures;
- Directors' Responsibilities statement on page 122; and
- Notes to the Group Financial Statements as detailed in this section.

This Directors' Report has been drawn up and presented in accordance with and in reliance upon applicable English company law, and the liabilities of the directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

Non-financial information statement

The Company has complied with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report as follows:

- the business model on page 04;
- information on environmental, employee, social, human rights, anti-corruption and anti-bribery matters (non-financial matters), including the relevant policies, due diligence process implemented in pursuance of the policies and outcomes of those policies, on pages 34 to 59 and 89;
- principal and emerging risks identified in relation to non-financial matters, including a description of the business relationships, products and services which are likely to cause adverse impacts in those areas of risk, and a description of how the principal risks are managed, on page 66;
- all Key Performance Indicators (KPIs), including those in relation to non-financial matters, are on page 14;
- the Financial Review, which includes, where appropriate, references to, and additional explanations of, amounts included in the Group Financial Statements on pages 123 to 170;
- a statement explaining how the directors have had regard to the matters in s172 of the Companies Act 2006 in performing their duties on pages 83 and 22; and
- future developments in the business on pages 18 and 20.

Subsidiaries and branches

The Company's operating subsidiaries, branches and associated undertakings are listed in Note 28 to the Group Financial Statements.

Post balance sheet events

The directors have considered the period between the balance sheet date and the date when the accounts are authorised for issue for evidence of conditions that existed at the balance sheet date, either adjusting or non-adjusting post balance sheet events, and have concluded that, other than those events disclosed in Note 15 and Note 20, there are no other events in the current period.

Profit attributable to shareholders and dividends

The statutory profit for the financial year, after taxation, was £25.5m (FY2023: £25.1m).

In light of the Company's performance, the Board has decided to recommend both a final ordinary dividend of 3.40p and a special dividend of 2.00p, each of which is expected to be paid on 6 February 2025 to all shareholders who are on the register of members at close of business on 10 January 2025. Accordingly, the total combined dividend for the 53 week period ended 31 August 2024 is 7.15p per ordinary share (FY2023: 4.15p).

Share capital

The Company's issued share capital comprises a single class of ordinary shares of 5p each. All issued shares are fully paid, can be held in certificated or uncertificated form and are listed on the London Stock Exchange. Details of movements in the issued share capital during the year can be found in Note 22 to the Group Financial Statements.

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association (Articles), a copy of which can be obtained from Companies House or from the Company's website → www.smithsnews.co.uk. The Company's Articles may only be amended by a special resolution of the Company. Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company; to appoint one or more proxies and, if they are corporations, to appoint corporate representatives; and to exercise voting rights. Holders of ordinary shares may also receive a dividend and on a liquidation may share in the assets of the Company. In addition, holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts. Subject to meeting certain thresholds, holders of ordinary shares may require a general meeting of the Company to be held or propose resolutions to be considered at Annual General Meetings.

Voting rights and restrictions on transfer of shares

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy and entitled to vote has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. None of the ordinary shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's Registrars not later than 48 hours before a general meeting. However, when calculating the 48-hour period, no account is taken of any part of a day that is not a working day.

The directors may refuse to register a transfer of a certificated share: which is not fully paid, provided that the refusal does not prevent dealings in the shares in the Company from taking place on an open and proper basis; or on which the Company has a lien. The directors may also refuse to register a transfer of a certificated share unless the instrument of transfer: (i) is lodged at the office, or such other place as the directors may decide accompanied by the certificate for the share to which it relates and such other evidence (if any) as the directors may reasonably require to show the right of the transferor to make the transfer; (ii) is in respect of only one class of shares; and (iii) is in favour of not more than four transferees.

Transfers of uncertificated shares must be carried out using CREST and the directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

There are no other restrictions on the transfer of ordinary shares in the Company other than those imposed by prevailing laws and regulations (such as insider trading laws and market requirements in respect of close periods).

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of ordinary shares or on voting rights.

Shares held by the Employee Benefit Trust

The Trustee of the Smiths News Employee Benefit Trust holds ordinary shares of the Company on behalf of the beneficiaries of the Trust, who are the employees and former employees of the Company. If any offer is made to the holders of ordinary shares to acquire their shares, the Trustee will not be obliged to accept or reject the offer in respect of any shares which are, at that time, subject to subsisting options, but will have regard to the interests of the option holders and can obtain their views on the offer, and subject to the foregoing, the Trustee will take the action with respect to the offer it thinks fair. The Trustee waives its right to vote and to dividends on the shares that it holds. Further details on the Trust can be found in the Directors' Remuneration report on page 98.

Purchase of own shares

At the Annual General Meeting held on 31 January 2024, authority was given for the Company to purchase, in the market, up to 24,765,920 ordinary shares of 5p each. The Company did not use this authority to make any purchases of its own shares during FY2024. This authority is renewable annually and approval will be sought from shareholders at the Annual General Meeting in January 2025 to renew the authority for a further year.

Issue of new ordinary shares

The Board has resolved that all employee share scheme exercises during FY2024 and, unless otherwise agreed, all future employee share scheme exercises in FY2025 should be satisfied through the Employee Benefit Trust (further details on the Employee Benefit Trust and market purchases are set out in Directors' Remuneration report on page 98). Accordingly, during the 53 week period ended 31 August 2024, no ordinary shares in the Company were issued.

Any newly issued ordinary shares rank *pari passu* with those previously in issue. The Articles provide that the Board may, subject to the prior approval of the Company's shareholders, exercise all the powers of the Company to allot relevant securities including new ordinary shares.

Interests in voting rights

As at 31 August 2024, the Company is aware of the following shareholding interests in its issued share capital as may have been notified to it from time to time pursuant to the Financial Conduct Authority's Disclosure and Transparency Rule 5:

Holder	% of voting rights
Aberforth Partners LLP	17.21
FORUM Family Office Value Fund/Small Cap Fund	13.48
Hargreaves Lansdown (Stockbroker)	6.03
Fidelity International Limited	4.97
Interactive Investor	4.36
Worsley Investors Limited	4.13
M&G Investments	4.00

In the period 1 September 2024 to 4 November 2024, a notification of updated voting rights positions has been received by the Company from Fidelity International Limited, the impact of which has been included in the table above.

Except for the above, the Company is not aware of any other shareholders with interests in 3% or more of the voting rights attached to the issued share capital of the Company.

Directors' Report – Other statutory disclosures continued

Change of control

Each of the Company's trading subsidiaries has agreements with customers and suppliers that may contain change of control clauses giving rights to those customers and suppliers on a takeover of the Company.

A change of control of the Company following a takeover bid may cause a number of other agreements to which the Company and/or one or more of its subsidiaries is party, such as banking arrangements, property leases and licence agreements, to alter or be capable of termination at the election of the counterparty.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes may cause options and awards granted to employees under such schemes to vest on a takeover – the relevant scheme rules stating that as a result of a change of control event (or other corporate action) the proportion of the award which may vest shall be limited (unless the Board determines otherwise) to a pro rata proportion on the basis of the number of whole months which have elapsed from the first day of the performance period to the date of the corporate action, as compared to the number of whole months within the performance period; any remainder of the award thereby lapsing.

Directors

All directors who served during the year are set out on pages 76 to 77.

The directors are responsible for the management of the business of the Company and may exercise all the powers of the Company subject to applicable legislation and regulation and the Company's Articles.

The Company's Articles give power to the Board to appoint directors and (where notice is given signed by all the other directors) remove a director from office. They also give a power to the Company to appoint directors (by ordinary resolution) and remove a director from office (by special resolution or by ordinary resolution of which special notice has been given).

The interests of the directors and their immediate families in the share capital of the Company, along with details of directors' share options and awards, are set out in the Directors' Remuneration report on pages 114 to 115.

At no time during the year did any of the directors have a material interest in any significant contract with the Company or any of its subsidiaries.

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its directors.

The Company has also provided an indemnity for its directors and secretary and for the directors of its associated companies, to the extent permitted by law, which is a qualifying third-party indemnity provision for the purposes of section 234 of the Companies Act 2006.

Directors' conflicts of interest

The Board confirms that a formal system for directors to declare their interests and for the independent directors to authorise situational conflicts continues to be in place. Any authorisations given by the Board are recorded in the Board minutes and in a register of directors' conflicts which is reviewed annually by the Board.

Employees

Details of the Company's policies in relation to employment, training and development, employee engagement, employee share ownership and equal opportunities are set out in the Sustainability report on pages 34 to 59 and in the Corporate Governance report on pages 74 to 85.

Suppliers and customers

Details of how the directors have engaged with suppliers and customers to help foster the Company's business relationships with its suppliers, customers and others and the outcome of such engagement on the decisions made by the Board are set out in the Stakeholder Engagement report on pages 22 to 31.

Greenhouse gas emissions

Details of the Company's greenhouse gas emissions and SECR disclosures are set out in the Sustainability report on page 48.

Consideration of climate change

In preparing the Group Financial Statements, the directors have considered the impact of climate change, particularly in the context of the risks identified in the Sustainability report on pages 34 to 59. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the directors considered the impact of climate change in respect of the Company's going concern and viability review (see pages 63 to 64). The directors have determined that none of the short or medium-term climate-related risks identified in its review pose a threat to the business but the directors nonetheless remain mindful of the ever-changing risks associated with climate change and intend to continue to assess these risks (and any emerging risks that arise from ongoing reviews) against the judgements and estimates made in the preparation of the Group Financial Statements.

Political donations

It is the Company's policy not to make political donations and no political donations or EU political expenditure were made in the year (FY2023: £nil).

Bribery Act 2010

The Company has an established anti-bribery policy in place designed to manage risks relating to bribery and corruption. Guidance and training are provided to colleagues through an online webinar presentation, along with support from the Company's Legal team on how to manage these risks. Suppliers and contractors are made aware of the anti-bribery policy, through our Supplier Code and appropriate contractual arrangements. Anti-bribery and corruption measures are regularly kept under review to ensure that the steps in place are sufficiently robust to prevent bribery and corruption.

Health & safety

We are committed to providing a safe place for our colleagues to work and for visitors and contractors to our sites. Policies applicable to the safety and wellbeing of our colleagues are reviewed on an ongoing basis to ensure that the approach to training, risk assessments, safe systems of working and accident management are appropriate. An ongoing audit programme assesses health and safety risks on a regular basis and ensures that robust control measures are in place to limit these risks. Further details are set out in the Sustainability report on page 34.

Financial instruments

Information on the Company's financial risk management objectives and policies and on the exposure of the Company to relevant risks in respect of financial instruments is set out in Note 16 to the Group Financial Statements.

Disclosure of information to auditor

Each director confirms that, so far as they are aware, there is no relevant audit information (as defined in section 418 of the Companies Act 2006) of which the Company's auditor is unaware and that each director has taken all the steps they ought reasonably to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

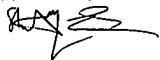
Auditor

Resolutions to re-appoint BDO LLP as auditor of the Company and to authorise the Audit Committee to determine their remuneration will be proposed at the 2025 Annual General Meeting.

Annual General Meeting

The 2025 Annual General Meeting of the Company will be held at DoubleTree by Hilton, Lydiard Fields, Great Western Way, Swindon SN5 8UZ on Thursday 16 January 2025 at 11.30am. The Notice of Annual General Meeting is given, together with explanatory notes to the proposed resolutions to be considered at the meeting, in the booklet which accompanies this report.

Approved by order of the Board and signed on its behalf by:



Stuart Marriner
Company Secretary and General Counsel

4 November 2024

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors are required to prepare the Group Financial Statements in accordance with UK adopted international accounting standards and have elected to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the 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 the Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards (relevant to the Group Financial Statements), subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business;
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that this Annual Report and the Group Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The directors are responsible for ensuring this Annual Report and the Group Financial Statements are made available on a website. The Group Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of these financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

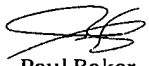
The directors confirm to the best of their knowledge:

- The Group Financial Statements have been prepared in accordance with the applicable set of accounting standards (UK-adopted international accounting standards) and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- This Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board on 4 November 2024 and signed on its behalf by:


Jonathan Bunting
Chief Executive Officer

4 November 2024


Paul Baker
Chief Financial Officer

4 November 2024

Independent auditor's report

to the members of Smiths News plc

Opinion on the financial statements

In our opinion:

- 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 31 August 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Smiths News plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 53 week period ended 31 August 2024 which comprise Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement, the Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed on 15 March 2019 to audit the financial statements for the year ended 31 August 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the periods ended 31 August 2019 to 31 August 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of the forecasts and covenant calculations for the Group for a period of 16 months from the date of approval of the financial statements, being the period determined by the Directors over which going concern was assessed to align with covenant compliance dates post the 12 month period. This included testing that the forecasts were consistent with the latest Board approved budgets;
- Considered whether the period used by the Directors for the 16 months to 28 February 2026 was appropriate – this included assessing any significant events or conditions expected beyond the period of management's assessment & considering the implication thereof;
- Assessed assumptions within the cash flow forecasts: we challenged the assumptions used in the forecasts, this included:
 - the rate of revenue decline;
 - the ability to implement operational cost-saving strategies;
 - future growth strategies;
 - Dividend payments; and
 - Share purchases required for the EBT.

Independent auditor's report continued

to the members of Smiths News plc

In challenging management we held meetings with both the finance team and Commercial Director. The assumptions were corroborated by reviewing historical trend analysis and reviewing against market data where applicable;

- Tested the numerical accuracy & mechanics of the model used to prepare the forecasts;
- Agreed a sample of the Group cash balances from the forecasts to post year end bank statements and compared the Group cash balance to the forecasted amount to identify any potential liquidity issues;
- Considered and evaluated the new financing agreement to understand the terms of the agreement and the covenant compliance requirements;
- Tested the covenant calculation, and forecast covenant compliance, against the Group's financing agreements to confirm that there remains sufficient headroom in the forecasts for the going concern period;
- Challenge of Directors' scenario analysis and sensitivities with specific reference to the Group's risk register. This included an evaluation of sensitivities over the Group's cash flows and covenants to changes in the significant inputs and assumptions used;
- Scrutinised the stress tests and reverse stress test which demonstrated the reduction in EBITDA required without mitigation for a liquidity event or covenant breach to occur and considered the Directors' assessment that it was remote for such a reduction to occur;
- Compared the post year end trading results to the forecasts to evaluate the accuracy and achievability of the forecasts prepared;
- Evaluated the accuracy of Management's historical forecasting; and
- Evaluated the completeness and accuracy of the disclosures in relation to the conclusion reached by the Directors in their going concern assessment and the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.

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 and the Parent 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 relation to the Parent Company's reporting on how it has 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.

Overview

Coverage	99% (2023: 99%) of Group profit before tax		
	99% (2023: 99%) of Group revenue		
	99% (2023: 98%) of Group total assets		
Key audit matters		2024	2023
	Carrying value of the investments in Smiths News plc (Parent Company)	✓	✓
Materiality	Group financial statements as a whole		
	£1.6m (2023: £1.5m) based on 5% (2023: 4.8%) of Adjusted Profit before Tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

There were two significant components which were subject to full scope audits, being Smiths News Trading Limited and Smiths News plc. Non-significant components were subject to desktop review procedures with specified audit procedures where necessary. All audits and desktop review procedures were completed by the Group engagement team.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included enquiries of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements. We have reviewed the disclosures in the annual report to ensure that they adequately disclose climate-related risks.

We reviewed the extent to which climate-related considerations have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as 'Other Information' on page 118 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, 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 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.

Key audit matter

Carrying value of investment in Smiths News Holding Limited by Smiths News plc (Parent Company)

The carrying value of investment in Smiths News Holding Limited has previously been subject to impairment and the carrying value is therefore below original cost.

Management identified an indicator of impairment in respect of the difference in market capitalisation and investment carrying value.

Management also identified indicators of potential reversal which would offset the above factors, owing to the reduction in the Group's borrowings, refinancing at more favourable rates, increase in share price, reduction in discount rates and performing ahead of market consensus in the current year.

Based on the above indicators, an impairment assessment was performed by management on the investment carrying value.

Where an impairment review is conducted, the recoverable amount is determined based on the higher of 'value in use' or 'fair value less costs of disposal'.

Value in use has been calculated using cash flows reflecting management's best estimate of the current economic outlook. As the investment represents an equity investment the value in use has been adjusted to reflect the overall net debt of the underlying subsidiaries.

Management's value in use model and hence impairment/reversal assessment is sensitive to changes in the key assumptions, including discount rates, year on year growth and long term growth rates set out in Note 3 of the Parent Company financial statements.

Management is required to ensure that the disclosures are complete and accurate to enable users of the financial statements to understand the assumptions and the sensitivities apparent.

As the model is highly sensitive to the key assumptions, and given the proportion of time spent in auditing this judgemental area, we determined it to be a Key Audit Matter ("KAM").

How the scope of our audit addressed the key audit matter

With the support of our internal valuation specialists we have assessed the methodology applied by management in performing the impairment test against the requirements of IAS 36 'Impairment of assets' and considered the various indicators identified by management in respect of impairment and reversal.

In respect of the value in use calculations we challenged the cash flow estimates and assumptions used by:

- reviewing the forecast trends against historical trends, where available, including long-term volume declines compared to year on year actuals, confirming existing contracts with publishers, and assessing the Group's capacity to mitigate volume declines through operational savings; and
- holding discussions with operational team members who were separate to the finance team, as to assess the key assumptions flowing into the model, assessing price and volume assumptions against market benchmarks, while also evaluating historical trends.

We assessed the discount rate applied in the model, by reviewing the methodology used to calculate the discount rates and by independently determining a range of acceptable rates, considering market data and comparable companies, and comparing the range of rates independently calculated to the rate used by management.

We tested the arithmetic accuracy of the impairment model.

The model was assessed against the Group's principal risks and uncertainties as well as considering whether further sensitivities could be applied.

We considered risk of management bias and override given the impact an impairment or reversal would have on retained earnings, and hence distributable reserves.

Furthermore, the audit team evaluated the accuracy of Management's historical forecasting, challenged the revenue, costs and other cash flows assumptions based on our knowledge of the business, contractual revenue streams and the economic outlook.

We assessed and challenged the adequacy of management's sensitivity disclosures in relation to key assumptions to consider the extent of change in those assumptions that either individually or collectively would be required to lead to a significant change in the carrying value, in particular forecast cash flows and discount rate.

We assessed whether the disclosures in the financial statements detail the key judgements within the impairment model and sources of estimation uncertainty.

As a result of performing the procedures above we did not identify any material issues.

Independent auditor's report continued

to the members of Smiths News plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	1.6	1.55	0.96	0.93
Basis for determining materiality	5% of profit before adjusting items and tax	4.8% of profit before adjusting items and tax	1% of Total Assets, but capped at 60% of Group consolidated materiality	1% of Total Assets, but capped at 60% of Group consolidated materiality
Rationale for the benchmark applied	We consider this to be the most appropriate performance measure as it removes the impact of certain one-off or exceptional items impacting the underlying profit of the Group and is also a key measure for stakeholders.		Calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk	
Performance materiality	1.2	1.04	0.72	0.65
Basis for determining performance materiality	75% of materiality	70% of materiality	75% of materiality	70% of materiality
Rationale for the percentage applied for performance materiality	Based on our experience and knowledge of the Group, the Group structure, planned testing approach, and history of errors. The Performance Materiality percentage has increased from the prior period, given the reduced level of misstatements and control environment.		Based on our experience and knowledge of the Parent Company, planned testing approach, and history of errors. The Performance Materiality percentage has increased from the prior period, given the reduced level of misstatements and control environment.	

Component materiality

We identified 2 significant components being Smith News Trading Limited and the Smiths News plc (Parent Company). We set materiality at £1.4m based on a percentage of 90% of Group materiality in respect of Smith News Trading Limited and £0.7m for the Parent Company as detailed above. In the audit of the component, we further applied performance materiality level of 75% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30k (2023: £62k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement 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. 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 or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 63; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 63.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 122; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 66; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 87; and • The section describing the work of the audit committee set out on page 88.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • 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 • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report continued

to the members of Smiths News plc

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the legal and regulatory frameworks applicable to the Parent and Group and the industry in which it operates;
- Discussion with management and those charged with governance, and the legal counsel; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable financial reporting frameworks (UK adopted international accounting standards in respect of the Group and UK GAAP in respect of the Parent Company) and relevant tax compliance regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK Companies Act, Listing Rules, employment law, health and safety and pensions legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- The audit team engaged an internal tax specialist to analyse the Group's compliance with local tax regulations;
- Review of whistleblowing reports for any known or suspected instances of non-compliance with laws and regulations;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Discussions with management, those charged with governance, in-house legal counsel and the Audit Committee to identify any instances or potential instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance, in-house legal counsel and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
Detecting and responding to the risks of fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Review of whistleblowing reports for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation and corroborating that the journals had been posted by appropriate users under appropriate authorisation;
- Assessing the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Group. This included those relating to the Parent Company impairment review, presentation of adjusting items and the property dilapidations provision.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: → www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Oliver Chinneck (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

4 November 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group Income Statement

for the 53-week period ended 31 August 2024

£m	Note	2024			2023		
		Adjusted*	Adjusting items	Total	Adjusted*	Adjusting items	Total
Revenue	1	1,103.7	-	1,103.7	1,091.9	-	1,091.9
Cost of sales	2	(1,030.5)	-	(1,030.5)	(1,019.4)	-	(1,019.4)
Gross profit	2	73.2	-	73.2	72.5	-	72.5
Administrative expenses	2	(33.8)	-	(33.8)	(33.7)	(0.5)	(34.2)
Net impairment (loss)/reversal on trade receivables	13	(0.1)	0.6	0.5	(0.1)	-	(0.1)
(Losses)/profits from joint ventures	11	(0.2)	-	(0.2)	0.1	-	0.1
Impairment reversal of joint venture investment	11	-	0.3	0.3	-	-	-
Operating profit	2	39.1	0.9	40.0	38.8	(0.5)	38.3
Finance costs	5	(6.3)	-	(6.3)	(6.5)	-	(6.5)
Finance income	5	0.4	-	0.4	-	-	-
Profit/(loss) before tax		33.2	0.9	34.1	32.3	(0.5)	31.8
Income tax/(expense)	6	(8.5)	(0.1)	(8.6)	(6.7)	-	(6.7)
Profit/(loss) for the year attributable to equity shareholders		24.7	0.8	25.5	25.6	(0.5)	25.1
Earnings per share							
Basic	8	10.3		10.6	10.8		10.6
Diluted	8	9.8		10.2	10.2		10.0
Equity dividends per share (paid and proposed)	7	7.15		7.15	4.15		4.15

* This measure is described in Note 1(4) of the accounting policies and the Glossary in the Accounts on page 168. Adjusting items are set out in Note 3 to the Group Financial Statements.

Group Statement of Comprehensive Income

for the 53-week period ended 31 August 2024

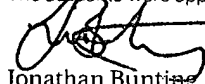
£m	2024	2023
Items that may subsequently be reclassified to the income statement:		
Currency translation (subsidiaries)	(0.1)	-
Other comprehensive result for the year	(0.1)	-
Profit for the year	25.5	25.1
Total comprehensive income for the year	25.4	25.1

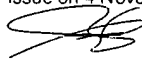
Group Balance Sheet

as at 31 August 2024

£m	Note	2024	2023
Non-current assets			
Intangible assets	9	2.4	1.9
Property, plant and equipment	10	9.7	8.8
Right of use assets	17	29.5	21.8
Interest in joint ventures	11	4.6	4.4
Deferred tax assets	18	1.3	1.7
		47.5	38.6
Current assets			
Inventories	12	22.1	17.7
Trade and other receivables	13	102.1	101.1
Cash and cash equivalents	15	7.0	37.3
Corporation tax receivable		0.9	0.6
		132.1	156.7
Total assets		179.6	195.3
Current liabilities			
Trade and other payables	14	(128.5)	(141.5)
Bank loans and other borrowings	15	-	(10.0)
Lease liabilities	17	(5.5)	(4.9)
Provisions	19	(1.3)	(2.5)
		(135.3)	(158.9)
Non-current liabilities			
Bank loans and other borrowings	15	(17.6)	(30.2)
Lease liabilities	17	(25.4)	(18.3)
Non-current provisions	19	(4.6)	(4.2)
		(47.6)	(52.7)
Total liabilities		(182.9)	(211.6)
Total net liabilities		(3.3)	(16.3)
Equity			
Called up share capital	22(a)	12.4	12.4
Share premium account	22(c)	60.5	60.5
Demerger reserve	23(a)	(280.1)	(280.1)
Own shares reserve	23(b)	(3.7)	(4.4)
Translation reserve	23(c)	0.2	0.4
Retained earnings	24	207.4	194.9
Total shareholders' deficit		(3.3)	(16.3)

The accounts were approved by the Board of Directors and authorised for issue on 4 November 2024 and were signed on its behalf by:


Jonathan Bunting
Chief Executive Officer


Paul Baker
Chief Financial Officer

Registered number – 05195191

Group Statement of Changes in Equity

for the 53-week period ended 31 August 2024

£m	Note	Share capital	Share premium account	Demerger reserve	Own shares reserve	Hedging and translation reserve	Retained earnings	Total
Balance at 27 August 2022		12.4	60.5	(280.1)	(4.6)	0.4	179.4	(32.0)
Profit for the year		-	-	-	-	-	25.1	25.1
Total comprehensive income for the year		-	-	-	-	-	25.1	25.1
Dividends paid	7	-	-	-	-	-	(9.8)	(9.8)
Employee share scheme purchases		-	-	-	(1.7)	-	-	(1.7)
Employee share scheme awards		-	-	-	1.9	-	(1.9)	-
Recognition of share-based payments net of tax		-	-	-	-	-	1.5	1.5
Deferred tax recognised in equity		-	-	-	-	-	0.6	0.6
Balance at 26 August 2023		12.4	60.5	(280.1)	(4.4)	0.4	194.9	(16.3)
Profit for the year		-	-	-	-	-	25.5	25.5
Currency translation (subsidiaries)		-	-	-	-	(0.2)	0.1	(0.1)
Total comprehensive income for the year		-	-	-	-	(0.2)	25.6	25.4
Dividends paid	7	-	-	-	-	-	(10.8)	(10.8)
Employee share scheme purchases		-	-	-	(3.3)	-	-	(3.3)
Employee share scheme awards		-	-	-	4.0	-	(3.2)	0.8
Recognition of share-based payments net of tax		-	-	-	-	-	0.9	0.9
Current tax recognised in equity		-	-	-	-	-	0.1	0.1
Deferred tax recognised in equity		-	-	-	-	-	(0.1)	(0.1)
Balance at 31 August 2024		12.4	60.5	(280.1)	(3.7)	0.2	207.4	(3.3)

Group Cash Flow Statement

for the 53-week period ended 31 August 2024

£m	Note	2024	2023
Net cash inflow from operating activities	21	22.4	36.4
Investing activities			
Dividends received from joint ventures		0.2	0.2
Purchase of property, plant and equipment		(3.4)	(2.6)
Purchase of intangible assets		(1.0)	(0.8)
Investment in joint venture	11	-	(0.3)
Interest received		0.4	-
Net cash used in investing activities		(3.8)	(3.5)
Financing activities			
Interest paid		(4.9)	(5.3)
Dividend paid	7	(10.8)	(9.8)
Repayments of lease principal		(5.9)	(6.1)
Repayment of term loan		(41.5)	(8.0)
Net increase in revolving credit facility		17.5	-
Purchase of shares for Employee Benefit Trust		(3.3)	(1.7)
Net cash used in financing activities		(48.9)	(30.9)
Net (decrease)/increase in cash and cash equivalents		(30.3)	2.0
Opening net cash and cash equivalents		37.3	35.3
Closing net cash and cash equivalents	15	7.0	37.3

Notes to the Accounts

1. Accounting policies

(1) Basis of consolidation

Smiths News plc ('the Company') is a company incorporated in England, UK under the Companies Act 2006. The Group accounts for the 53-week period ended 31 August 2024 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in joint ventures and associates. Subsidiary undertakings are included in the Group Accounts from the date on which control is obtained. They are deconsolidated from the date on which control ceases. All significant subsidiary accounts are made up to 31 August 2024 and are included in the Group Accounts.

Unless otherwise noted references to 2023 and 2024 relate to a 52-week period ended 26 August 2023 and the 53-week period ended 31 August 2024 as opposed to calendar year.

The Accounts were authorised for issue by the directors on 4 November 2024.

(2) Accounting basis of preparation

The Accounts are prepared on the historical cost basis with the exception of certain financial instruments and are presented in Pound Sterling and rounded to £0.1m, except where otherwise indicated.

The Group Accounts have been prepared in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006.

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Group Accounts. Unrealised gains and losses arising from transactions with joint ventures are eliminated to the extent of the Group's interest in these entities.

(3) Going concern

The Group accounts have been prepared on a going concern basis.

When assessing the going concern of the Group, the directors have reviewed the year to date financial actuals, as well as detailed financial forecasts for the period up to 1 March 2026, the going concern period.

The Group currently has a net current liability position of £3.2m as at 31 August 2024. All bank covenant tests were met at the year end. The key Bank Net Debt: Bank EBITDA ratio of 0.3x was below the covenant test threshold of 2.5x. The threshold reduced from 1.75x on 24 February 2024 then increased to 2.5x on 2 May 2024 when the facility was amended and extended.

The intra-month working capital cash flow cycle at Smiths News generates a routine and predictable cash swing and therefore a predictable fluctuation in Bank Net Debt during the course of the month compared to the closing net debt position. The Group's average daily Bank Net Debt during the period was £11.7m (2023: £25.0m). The Company utilises a Revolving Credit Facility (RCF) to manage the cash swing. At the year end, £20.5m of the RCF was available and the Company had £7.0m of cash on hand, giving headroom of £27.5m.

3i) Bank facility

The Group's banking facility was refinanced during the year which at the balance sheet date comprises an RCF of £40.0m and an uncommitted accordion facility of £10.0m. The RCF is available less committed letters of credit amounting to £1.5m (see Note 17). The agreement is with HSBC and Santander.

The facility's current margin is 2.45% per annum over SONIA and has a final maturity date of 2 May 2027 with the option of two one-year extension with lender consent on the first and second anniversaries.

3ii) Reverse stress testing

The directors have prepared their base case forecast which represents their best estimate of cash flows over the going concern period which is up to 1 March 2026, and in accordance with FRC guidance have prepared a reverse stress test that identifies either a lack of liquidity or breach of the Bank Net Debt: Bank EBITDA ratio that at peak debt would create a scenario which could lead to the facility being exhausted or becoming repayable on demand, respectively.

A point of insufficient liquidity would occur in November 2025 if Bank EBITDA was 60% below the Board approved three-year plan. The directors consider the likelihood of this level of downturn to be remote based on:

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

3iii) Mitigating actions

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

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

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

The Company has vendor finance arrangements in place where it has the ability to request early payment of invoices at a small discount, the payments are non-recourse and the invoices are considered settled from both sides once payment is received. The Company has not made use of this facility in the current or prior periods, nor since the balance sheet date.

Notes to the Accounts continued

1. Accounting policies continued

(3) Going concern continued

3iv) Assessment

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

(4) Alternate performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs (listed in the Glossary on page 168), are not considered to be a substitute for, or superior to, IFRS measures but provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Team.

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

(5) Estimates and judgements

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

Key accounting judgements

The significant judgements made in the accounts are:

Revenue recognition

The Group recognises the wholesale sales price for its sales of newspapers and magazines. The Group is considered to be the principal based on the following indicators of control over its inventory: discretion to establish prices; it holds some of the risk of obsolescence once in control of the inventory on returns; and has the responsibility of fulfilling the performance obligation on delivery of inventory to its customers. If the Group were considered to be the agent, revenue and cost of sales would reduce by £937.3m (2023: £926.5m).

Determining lease terms

In determining lease terms, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of distribution centres and equipment, the following factors are the most relevant:

- the Company continually considers the optimal network structure in its judgement over lease terms;
- if there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate); and
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Adjusting items

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

The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. Adjusted measures are defined with other APMs in the Glossary on page 168.

Based on the nature of the transactions, adjusting items after tax was a credit of £0.8m (2023: charge of £0.5m) and a breakdown is included within Note 3.

1. Accounting policies continued

(5) Estimates and judgements continued

Key sources of estimation uncertainty

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

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

Impairment of investments in joint ventures

Investments in joint ventures are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined using value in use calculations. The value in use method requires the Company to determine appropriate assumptions in relation to the cash flow projections over the three-year plan period (which is a key source of estimation uncertainty), the terminal growth rate to be applied beyond this three-year period and the risk-adjusted post-tax discount rate used to discount the assumed cash flows to present value. The assumption that cash flows continue into perpetuity is a source of significant estimation uncertainty.

During the period, the Group calculated a value-in-use of £5.5m based on the future cash flows of the Rascal business, which were discounted at a rate of 13.2% and a terminal growth rate applied of 0%. As a result, the remaining previous cumulative impairment of £0.3m was reversed, increasing the investment's carrying value to £4.6m (2023: £4.3m). Refer to Note 11 for further details.

Property provision

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

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

A change in any of these assumptions could materially impact the provision balance. Refer to Note 19 for further details on the sensitivity of the assumptions used to calculate the property provision. The property provision's carrying value at the year end was £5.2m (2023: £4.9m).

Net impairment loss on trade receivables

During the period ended 27 August 2022 McColl's Retail Group had gone into administration and an impairment loss provision of £4.4m was recognised. During the current period the administrators provided an update which included a reduced expected timeline to settlement of 4-12 months (2023: 9-12 months) with an increase to the range of possible recovery of 30-50% (2023: 20-50%).

Given the historic low level of credit losses incurred in the ordinary course of business, there is limited information to determine an expected recovery of the McColl's receivable. Management has therefore determined that a best estimate is that 30% (2023: 20%) of the outstanding balance of £5.5m remains recoverable from McColl's Retail Group as at the administration date of 9 May 2022.

At 31 August 2024 the Group holds an expected credit loss provision of £3.8m (2023: £4.4m) representing 70% (2023: 80%) of the total receivables balance of £5.5m. If the Company had considered 50% of the total balance of £5.5m to be recoverable in line with the upper range of the administrator's estimate, the provision recognised would have been £2.8m.

The impairment reversal of £0.6m (2023: £nil) has been presented in adjusting items, consistent with the impairment loss of £4.4m recognised during the period ended 27 August 2022.

(6) Revenue

Sales of newspapers and magazines

Sales of newspapers and magazines are recognised when control of the products has transferred, that is, when the products are delivered to the retailer and there is no unfulfilled obligation that could affect the retailer's acceptance of the products, the risks of obsolescence and loss have been transferred to the retailer. Goods are sold to retailers on a sale or return basis with risks transferred back to the Group.

Distribution income

Distribution income is recognised when the products such as newspapers and magazines are delivered to the retailer and there are no unfulfilled obligations that could affect the retailer's acceptance of the products.

Voucher income

Voucher income represents the margin income received from managing the process of collecting voucher payments from retailers and passing them on to voucher processing centres. The Group is primarily responsible for fulfilling the service.

Sales and marketing

The Group supplies marketing services to both retailers and suppliers. This includes services such as shelf stacking, stock checking and merchandising. The Group is primarily responsible for fulfilling the services.

Sale of waste

Income from the sale of recyclable waste represents the amount received per tonne of newspapers and magazines returns sold on for recycling. The Group has primary responsibility for fulfilling the service.

Notes to the Accounts continued

1. Accounting policies continued

(6) Revenue continued

Returns reserve

Newspapers and magazines sales are made on a sale or return basis, therefore the Group is required to estimate a value relating to expected returns from retailers. Likewise, as the publishers are required to provide the Group with credit for any purchase returns, so a purchase returns reserve is also required. The key estimates used in calculating the period end reserve are rates of returns (based on historical trends), average shelf life of the product types and average price of each product type. These estimates are similarly applied to calculate the credit for purchase returns.

Revenue for goods supplied with a right of return is stated net of the value of any returns. Newspapers and magazines are often sold with retrospective volume discounts based on aggregate net sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discount and returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A returns reserve accrual and discount accrual (included in trade and other payables) is recognised for expected volume discounts and refunds payable to customers in relation to sales made until the end of the reporting period. A right to the returned goods (included in other debtors) is recognised for the products expected to be returned.

No element of financing is deemed present because the sales are made with short credit terms, which is consistent with market practice.

A receivable is recognised when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(7) Cost of sales and gross profit

The Group considers cost of sales to equate to cost of inventories recognised as an expense and distribution costs as these are considered to represent for the Group direct costs of making a sale.

The Group considers gross profit to equal revenue less cost of sales.

(8) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity. Current tax is the expected tax payable based on the taxable profit for the year, using tax rates enacted, or substantively enacted, at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be utilised.

(9) Segmental reporting

The Board is responsible for allocating resources and assessing the performance of the business and is therefore identified as the chief operating decision maker.

The Group has determined that it has one reportable segment identified as Smiths News, a UK market-leading distributor of newspapers, magazines and ancillary services to retailers across the UK. The performance of Smiths News is reviewed, on a monthly basis, by the Board, making decisions based on the Group as whole.

Included in revenues arising from Smiths News are revenues of approximately £100.5m (2023: £99.5m) which arose from sales to the Group's largest customer. Three other customers contributed 13.9% (2023: 13.1%) or more of the Group's revenue in 2024.

No segmental analysis is required on geographical lines as substantially all of the Group's activities are in the United Kingdom. As a result, no segmental disclosure is provided.

(10) Dividends

Interim and final dividends are recorded in the financial statements in the period in which they are declared.

(11) Capitalisation of internally generated development costs

Expenditure on developed software is capitalised when the Group is able to demonstrate all of the following:

- the technical feasibility of the resulting asset;
- the ability (and intention) to complete the development and use it;
- how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

Software costs are also capitalised if they can be hosted on another server, are portable and the Group has sole rights to the software. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Software costs provided on a licence agreement (software-as-a-service) are expensed as incurred.

1. Accounting policies continued

(12) Joint ventures

The Group Financial Statements include the Group's share of the total recognised gains and losses in its joint ventures on an equity accounted basis.

Investments in joint ventures are carried in the balance sheet at cost adjusted by post-acquisition changes in the Group's share of the net assets of the joint ventures, less any impairment losses. The carrying values of investments in joint ventures include acquired goodwill. Losses in joint ventures that are in excess of the Group's interest in the joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(13) Business combinations – goodwill and intangibles

The Group uses the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange. Acquisition-related costs are recognised in profit or loss as incurred. Any deferred or contingent purchase consideration is recognised at fair value over the period of entitlement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured, initially, at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Goodwill arising on all acquisitions is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The carrying value of goodwill is reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets arising under a business combination (acquired intangibles) are capitalised at fair value as determined at the date of exchange and are stated at fair value less accumulated amortisation and impairment losses. Amortisation of acquired intangibles is charged to the income statement on a straight-line basis over the estimated useful lives as follows:

Customer relationships	– 2.5 to 7.5 years
Trade name	– 5 to 10 years
Software and development costs	– 3 to 7 years

Computer software and internally generated development costs which are not integral to the related hardware are capitalised separately as an intangible asset and stated at cost less accumulated amortisation and impairment losses.

Assets held under leases (right-of-use assets) are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

All intangible assets are reviewed for impairment when there are indications that the carrying value may be higher than its recoverable value.

The recoverable value used is the value in use. The value in use is determined by estimating the future cash inflows and outflows to be derived from continuous use of the asset and applying the appropriate discount rate to those future cash flows. Where the carrying value is higher than the calculated value in use, an impairment loss will be recognised.

(14) Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and any recognised impairment losses. No depreciation has been charged on freehold land. Other assets are depreciated, to a residual value, on a straight-line basis over their estimated useful lives, as follows:

Freehold and long-term leasehold properties	– over 20 years
Short-term leasehold properties	– shorter of the lease period and the estimated remaining economic life
Fixtures and fittings	– 3 to 15 years
Equipment	– 5 to 12 years
Computer equipment	– up to 5 years
Vehicles	– up to 5 years

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. All property, plant and equipment is reviewed for impairment when there are indications that the carrying value may not be recoverable.

Notes to the Accounts continued

1. Accounting policies continued

(15) Leasing

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- makes adjustments specific to the lease where applicable, for example with regards to the term and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group, and not by the respective lessor.

Modifications

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

(16) Inventories

Inventories comprise goods held for resale and are stated at the lower of cost or net realisable value. Inventories are valued at cost comprising direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

(17) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

Financial assets comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade payables, financing liabilities and bank borrowings.

1. Accounting policies continued

(18) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss (FVPL) or through comprehensive income (FVCI); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables

Trade receivables are initially measured at fair value, which for trade receivables is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including expected credit losses. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each group and then adjusted to reflect expectations about future credit losses. The Group does not have any significant contract assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 13.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Other receivables

Other receivables are recognised on trade date, being the date on which the Group has the right to the asset. Other receivables are derecognised when the rights to receive cash flows from the other receivables have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures other receivables at their fair value plus, in the case of a financial asset not held at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of FVPL financial assets are expensed in profit or loss.

Subsequent measurement of other receivables depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its other receivables at amortised cost.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in Note 2.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group applies the general approach to impairment under IFRS 9 based on significant increases in credit risk rather than the simplified approach for trade receivables using lifetime ECL.

(19) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(20) Treasury

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. BACS and next-day payments are recognised at the settlement date, rather than when they are initiated, to reflect the nature of these transactions. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and bank overdrafts which form part of the Group's cash management.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Notes to the Accounts continued

1. Accounting policies continued

(20) Treasury continued

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value (being proceeds received, net of direct issue costs), and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, including premiums payable on settlement or redemptions and direct issue costs, are accounted for on an accruals basis and taken to the income statement using the straight line method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Modification/derecognition of financial liabilities

Financial liabilities are derecognised when there is extinguishment of the original financial liability and recognition of a new financial liability. Equally, significant modification of the terms of the existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

Foreign currencies

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition of a foreign entity, are treated as assets and liabilities of the foreign entity and are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency transactions

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

(21) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably estimated, no provision is recognised and the item is disclosed as a contingent liability where material. Where the effect is material, the provision is determined by discounting the expected future cash flows.

(22) Retirement benefit costs

Defined contribution schemes

The Group operates two defined contribution schemes for the benefit of its employees. Payments to the Group's schemes are recognised as an expense in the income statement as incurred.

(23) Employee Benefit Trust

Smiths News Employee Benefit Trust

Where any Group company purchases the Company's shares, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity as 'own shares reserve' until those shares are either cancelled or reissued.

The shares held by the Smiths News Employee Benefit Trust are valued at the historical cost of the shares acquired. This value is deducted in arriving at shareholders' funds and presented as the own share reserve.

(24) Share schemes

Share-based payments

The Group operates several share-based payment schemes, being the Sharesave Scheme, the Executive Share Option Scheme, the LTIP and the Deferred Bonus Plan. Details of these are provided in the Directors' Remuneration report and in Note 25.

Equity-settled share-based schemes are measured at fair value at the date of grant. The fair value is expensed with a corresponding increase in equity on a straight-line basis over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model. The income statement charge is then adjusted to reflect expected and actual levels of vesting based on non-market performance-related criteria.

Administrative expenses and distribution and marketing expenses include the cost of the share-based payment schemes.

1. Accounting policies continued

(25) Changes in accounting policies

During the period the Group has adopted the following accounting standards and interpretations:

- Definition of Accounting Estimates – Amendments to IAS 8;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The standards and amendments adopted had no impact on the financial statements to prior periods and are not expected to significantly affect the current or future periods. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

New standards and interpretations not yet applied

At the date of authorisation of these financial statements, the following standards and interpretations that are potentially relevant to the Group and which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the UK):

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1;
- IFRS S1 and S2; and
- IFRS 18.

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

2. Operating profit

The Group's results are analysed as follows:

£m	Note	2024			2023		
		Adjusted	Adjusting items	Total	Adjusted	Adjusting items	Total
Revenue		1,103.7	-	1,103.7	1,091.9	-	1,091.9
Cost of inventories recognised as an expense		(937.3)	-	(937.3)	(926.5)	-	(926.5)
Distribution costs		(93.2)	-	(93.2)	(92.9)	-	(92.9)
Cost of sales		(1,030.5)	-	(1,030.5)	(1,019.4)	-	(1,019.4)
Gross profit		73.2	-	73.2	72.5	-	72.5
Other administrative expenses		(24.4)	-	(24.4)	(23.4)	(0.5)	(23.9)
Share-based payment expense	25	(0.9)	-	(0.9)	(1.1)	-	(1.1)
Net impairment (loss)/reversal on trade receivables		(0.1)	0.6	0.5	(0.1)	-	(0.1)
Impairment reversal of joint venture investment		-	0.3	0.3	-	-	-
Share of (losses)/profits from joint ventures	11	(0.2)	-	(0.2)	0.1	-	0.1
EBITDA		47.6	0.9	48.5	48.0	(0.5)	47.5
Depreciation on property, plant and equipment	10	(2.2)	-	(2.2)	(2.2)	-	(2.2)
Depreciation on right-of-use assets	17	(5.9)	-	(5.9)	(6.4)	-	(6.4)
Amortisation of intangibles	9	(0.4)	-	(0.4)	(0.6)	-	(0.6)
Operating profit		39.1	0.9	40.0	38.8	(0.5)	38.3

Operating profit is stated after charging/(crediting):

£m	Note	2024	2023
Depreciation on property, plant and equipment	10	2.2	2.2
Amortisation of intangible assets	9	0.4	0.6
Depreciation on right-of-use assets	17	5.9	6.4
Short-term and low-value lease charges on equipment and vehicles		0.5	0.4
Lease rental income – land and buildings		(0.4)	(0.4)
Staff costs (excluding share-based payments)	4	44.5	44.1

Included in administrative expenses are amounts payable by the Company and its subsidiary undertakings in respect of audit and non-audit services which are as follows:

£m	2024	2023
Fees payable to the Company's auditor for the audit of the Company's annual accounts – BDO LLP	0.2	0.2
Fees payable to the Company's auditor for the audit of the Company's subsidiaries – BDO LLP	0.5	0.4
Total non-audit fees	0.1	0.1
Total fees	0.8	0.7

Details of the Company's policy on the use of auditors for non-audit services and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee report on page 92.

Notes to the Accounts continued

3. Adjusting items

£m		2024	2023
Tuffnells provision credit/(charge)	(a)	0.2	(0.4)
Network and reorganisation (costs)/credits	(b)	(0.1)	0.5
Technology transformation costs	(c)	(0.1)	-
Aborted acquisition costs	(d)	-	(0.6)
Administrative expenses		-	(0.5)
Impairment reversal on trade receivables	(e)	0.6	-
Impairment reversal of investment in joint ventures	(f)	0.3	-
Total before tax		0.9	(0.5)
Taxation		(0.1)	-
Total after taxation		0.8	(0.5)

The Group recognised a total adjusting items credit before tax of £0.9m (2023: charge of £0.5m) and credit of £0.8m (2023: charge of £0.5m) after tax respectively.

Adjusting items are defined in the accounting policies in Note 1 and in the Glossary on page 168. In the directors' opinion, removing these items from the adjusted profit provides a relevant analysis of the trading results of the Group because it is consistent with how the business performance is planned by, and reported to, the Board and Executive Team. However, these additional measures are not intended to be a substitute for, or superior to, IFRS measures. They comprise:

Administrative expenses: net £nil (2023: £0.5m)

(a) Tuffnells provision: £0.2m credit (2023: £0.4m cost)

As part of the sale of Tuffnells Parcels Express Limited (Tuffnells) in May 2020, a contractual agreement was put in place in respect of the future treatment and responsibility of certain insurance claims brought or notified to insurers. This agreement extinguished the Group's exposure to new accident and insurance claims brought after the sale of Tuffnells but which related to the Group's period of ownership of Tuffnells up to May 2020. However, as a result of Tuffnells falling into administration in June 2023, the enforceability of, and subsequent recoverability under, this contractual agreement has been negatively impacted and the Group's insurers have instead looked to the Group to stand behind the excess/deductible limit of such claims and in the prior period a provision of £0.4m was recognised in addition to existing claims.

During the period, a review of provisions was held in respect of all remaining claims held following utilisations in the period and as a result, the provision was reduced by £0.2m, which represents management's best estimate of remaining claims brought. The cash impact of utilisations on claims in the period was an outflow of £0.1m (2023: £0.2m).

These provisions have been reported as adjusting items on the basis that it relates to a former discontinued operation and is therefore outside the normal course of activity.

(b) Network and reorganisation: £0.1m costs (2023: £0.5m net credit)

During the period, an additional £0.1m of costs were incurred with regards to simplifying the DMD group structure.

During the prior period, there was a reversal of accrued amounts of £0.6m relating to projects in connection with our outsourced Shared Service Centre (SSC) in India, where accrued costs relating to overheads on projects would no longer materialise. These amounts were released to the income statement when these projects concluded. This was partially offset by £0.1m of costs incurred with regards to simplifying the DMD group structure.

The cash impact of network and reorganisation was a £0.2m outflow (2023: £0.2m).

(c) Technology transformation costs: £0.1m (2023: £nil)

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

Implementation costs of £0.1m have been recognised as adjusting items given that costs over the three-year programme are expected to be a significant change to the Company and largely comprise software-as-a-service arrangements. The cash impact was an outflow of £0.1m.

(d) Aborted acquisition costs: £nil (2023: £0.6m)

During the prior period the Company incurred due diligence and legal costs associated with an aborted acquisition. The cash impact of these items was an outflow of £0.6m.

(e) Impairment provision on trade receivables: £0.6m credit (2023: £nil)

On 9 May 2022 ('the administration date'), McColl's Retail Group went into administration. A statement of claim form was filed with the administrators for an amount of £5.5m. The latest issued notification from the administrators on 7 June 2024 stated that unsecured creditors can be expected to receive between 30-50% (2023: 20-50%) of approved claims. Management has determined its best estimate of recovery to be 30% (2023: 20%) of the outstanding balance and therefore decreased the provision held to £3.8m (2023: £4.4m).

The Company continues to trade with McColl's as acquired by Wm Morrison Supermarkets Ltd (Morrison's) under a pre-packaged insolvency agreement with the administrator. The Company's bad debt exposure relates solely to the outstanding trade receivable balance as at the administration date.

This release is reported as an adjusting item on the same basis as the impairment loss of £4.4m recognised during the prior period ended 27 August 2022.

(f) Impairment reversal of investment in joint ventures: £0.3m reversal (2023: £nil)

During the period, the Company reviewed the business plan for the Rascal Joint Venture. The potential challenges anticipated to arise in a prior period which had led to an impairment at that time continue not to have materialised; contracts remain in place and growth plans continue to progress.

As a result of this review, the remaining cumulative impairment of £0.3m (2023: £0.3m) was released, which has been presented within adjusting to align to the previous impairment charge, which was significant in both quantum and nature to the results of the Group.

4. Staff costs and employees

The aggregate remuneration of employees (including executive directors) was:

£m	2024	2023
Wages and salaries	39.4	39.2
Social security	3.6	3.7
Pension costs	1.1	1.2
Share-based payments expense	0.9	1.1
Total	45.0	45.2

The total average number of employees (including executive directors) was:

Number	2024	2023
Operations	1,333	1,368
Support functions	98	140
Total	1,431	1,508

Defined contribution pension schemes

The Group operates two defined contribution pension schemes. For the 53 weeks ended 31 August 2024, contributions from the respective employing company totalled £1.1m (2023: £1.2m) which is included in the income statement.

A defined contribution plan is a pension plan under which the Group pays contributions to an independently administered fund – such contributions are based upon a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund once the contributions have been paid. Members' benefits are determined by the amount of contributions paid by the Company and the member, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the member chooses to buy at retirement. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested in will not perform in line with expectations) fall on the employee.

5. Net finance costs

£m	Note	2024	2023
Interest on bank overdrafts and loans		(2.7)	(3.9)
Amortisation of loan arrangement fees*		(1.4)	(1.1)
Interest payable on leases		(2.0)	(1.4)
Total interest cost on financial liabilities at amortised cost		(6.1)	(6.4)
Unwind of discount on provisions	19	(0.2)	(0.1)
Finance costs		(6.3)	(6.5)
Interest receivable on bank deposits		0.4	-
Net finance costs		(5.9)	(6.5)

* During the current period £0.8m of unamortised arrangement fees were immediately recognised on derecognition of the previous facility.

6. Income tax expense

£m	2024			2023		
	Adjusted	Adjusting items	Total	Adjusted	Adjusting items	Total
Current tax	8.2	0.1	8.3	6.5	-	6.5
Adjustment in respect of prior year	-	-	-	0.2	-	0.2
Total current tax charge	8.2	0.1	8.3	6.7	-	6.7
Deferred tax – current year	0.3	-	0.3	0.5	-	0.5
Deferred tax – prior year	-	-	-	(0.4)	-	(0.4)
Deferred tax – impact of rate change	-	-	-	(0.1)	-	(0.1)
Total tax charge	8.5	0.1	8.6	6.7	-	6.7
Effective tax rate	25.6%		25.2%	20.7%		21.1%

The effective adjusted income tax rate in the year was 25.6% (2023: 20.7%). After the impact of tax recognised on adjusting items of £0.1m (2023: £nil), the effective statutory income tax rate was 25.2% (2023: 21.1%).

Corporation tax is calculated at the main rate of UK corporation tax of 25% (2023: 21.5%). The UK Finance Act 2021 increased the corporate tax rate to 25% effective from 1 April 2023, which in the prior period resulted in a blended rate. The Group has assessed its deferred tax positions using a rate of 25%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. Income tax expense continued

The tax charge for the year can be reconciled to the profit in the income statement as follows:

£m	2024	2023
Profit before tax	34.1	31.8
Tax on profit at the standard rate of UK corporation tax 25% (2023: 21.5%)	8.5	6.8
Income not subject to tax	(0.1)	0.1
Expenses not deductible for tax purposes	0.3	0.1
Adjustment in respect of prior years	0.1	(0.2)
Share options	(0.2)	-
Impact of change in UK tax rate	-	(0.1)
Tax charge	8.6	6.7

Amounts recognised directly in equity

A current tax credit of £0.1m (2023: £nil) and deferred tax charge of £0.1m (2023: £0.6m) was recognised directly in equity during the period.

Impact of future tax changes

In November 2022 the UK Government confirmed its intention to implement Framework Pillar Two rules in the UK, including a Qualified Domestic Minimum Top-Up Tax rule. The subsequent Base Erosion Profit Sharing Pillar Two legislation, enacted on 11 July 2023, has introduced a multinational top-up tax, which applies where a UK parent member has interests in entities located in non-UK jurisdictions, and the Group's profits in those jurisdictions are taxed at below the minimum rate of 15%.

With revenue consistently greater than the threshold, the Group falls within the scope of this legislation. Assessment of the potential exposure to Pillar Two income taxes is based on the most recent available tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. However, as the UK rate of corporation tax is 25%, and the Group's business is primarily UK-based, initial indications are that the impact of these rules on the Group is not expected to be material. The IAS 12 exemption to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

7. Dividends

Amounts paid and proposed as distributions to equity shareholders in each period is set out below:

	2024 Per share	2023 Per share	2024 £m	2023 £m
Paid and proposed dividends for the year				
Interim dividend – paid	1.75p	1.40p	4.2	3.3
Special dividend – proposed	2.00p	-	4.8	-
Final dividend – proposed	3.40p	2.75p	8.2	6.7
	7.15p	4.15p	17.2	10.0
Recognised dividends for the year				
Final dividend – prior year	2.75p	2.75p	6.7	6.5
Interim dividend – current year	1.75p	1.40p	4.2	3.3
	4.50p	4.15p	10.8	9.8

After the balance sheet date, a final 3.40p dividend per share is proposed for the 53 weeks ended 31 August 2024 (2023: 2.75p), alongside a special dividend proposed of 2.00p per share, each of which is expected to be paid on 6 February 2025 to all shareholders who are on the register of members at close of business on 10 January 2025. The ex-dividend date will be 9 January 2025.

8. Earnings per share

	2024			2023		
	Earnings £m	Weighted average number of shares Million	Pence per share	Earnings £m	Weighted average number of shares Million	Pence per share
Weighted average number of shares in issue		247.7			247.7	
Shares held by the EBT (weighted)		(7.4)			(10.4)	
Basic earnings per share (EPS)						
Adjusted earnings attributable to ordinary shareholders	24.7	240.3	10.3	25.6	237.3	10.8
Adjusting items	0.8	-	-	(0.5)	-	-
Earnings attributable to ordinary shareholders	25.5	240.3	10.6	25.1	237.3	10.6
Diluted earnings per share (EPS)						
Effect of dilutive share options		10.8			12.6	
Diluted adjusted EPS	24.7	251.1	9.8	25.6	249.9	10.2
Diluted EPS	25.5	251.1	10.2	25.1	249.9	10.0

Dilutive shares increase the basic number of shares at 31 August 2024 by 10.8m to 251.1m (26 August 2023: 12.6m to 249.9m). The calculation of diluted EPS reflects the potential dilutive effect of employee incentive schemes.

9. Intangible assets

£m	Acquired intangibles					Total
	Goodwill	Customer relationships	Trade name	Internally generated development costs	Computer software costs	
Cost:						
At 26 August 2023	5.7	2.4	0.2	1.8	2.8	12.9
Additions	-	-	-	0.8	0.1	0.9
Disposals	-	(0.3)	-	-	(0.3)	(0.6)
At 31 August 2024	5.7	2.1	0.2	2.6	2.6	13.2
Accumulated amortisation and impairment:						
At 26 August 2023	(5.7)	(2.4)	(0.2)	(0.4)	(2.3)	(11.0)
Amortisation charge	-	-	-	(0.2)	(0.2)	(0.4)
Disposals	-	0.3	-	-	0.3	0.6
At 31 August 2024	(5.7)	(2.1)	(0.2)	(0.6)	(2.2)	(10.8)
Net book value at 31 August 2024	-	-	-	2.0	0.4	2.4
Cost:						
At 27 August 2022	5.7	2.4	0.2	3.2	7.4	18.9
Additions	-	-	-	0.5	0.3	0.8
Disposals	-	-	-	(1.9)	(4.9)	(6.8)
At 26 August 2023	5.7	2.4	0.2	1.8	2.8	12.9
Accumulated amortisation and impairment:						
At 27 August 2022	(5.7)	(2.4)	(0.2)	(2.1)	(6.8)	(17.2)
Amortisation charge	-	-	-	(0.2)	(0.4)	(0.6)
Disposals	-	-	-	1.9	4.9	6.8
At 26 August 2023	(5.7)	(2.4)	(0.2)	(0.4)	(2.3)	(11.0)
Net book value at 26 August 2023	-	-	-	1.4	0.5	1.9

Impairment of goodwill

Goodwill is not amortised but has been reviewed annually for impairment. As a result of these reviews goodwill remains fully impaired at the end of 2024 and 2023.

Notes to the Accounts continued

10. Property, plant and equipment

£m	Land and buildings				Total
	Long-term leasehold improvements	Short-term leasehold improvements	Fixtures and fittings	Equipment and vehicles	
Cost:					
At 26 August 2023	0.2	9.2	3.5	17.0	29.9
Additions	-	1.4	0.1	1.6	3.1
Disposals	(0.2)	(0.9)	(0.4)	(2.8)	(4.3)
At 31 August 2024	-	9.7	3.2	15.8	28.7
Accumulated depreciation:					
At 26 August 2023	(0.2)	(6.8)	(1.7)	(12.4)	(21.1)
Depreciation charge	-	(0.5)	(0.3)	(1.4)	(2.2)
Disposals	0.2	0.9	0.4	2.8	4.3
At 31 August 2024	-	(6.4)	(1.6)	(11.0)	(19.0)
Net book value at 31 August 2024	-	3.3	1.6	4.8	9.7
Cost:					
At 27 August 2022	0.2	10.5	3.0	23.0	36.7
Additions	-	1.0	0.9	0.5	2.4
Disposals	-	(2.3)	(0.4)	(6.5)	(9.2)
At 26 August 2023	0.2	9.2	3.5	17.0	29.9
Accumulated depreciation:					
At 27 August 2022	(0.2)	(8.7)	(1.8)	(17.4)	(28.1)
Depreciation charge	-	(0.4)	(0.5)	(1.3)	(2.2)
Disposals	-	2.3	0.6	6.3	9.2
At 26 August 2023	(0.2)	(6.8)	(1.7)	(12.4)	(21.1)
Net book value at 26 August 2023	-	2.4	1.8	4.6	8.8

11. Interests in joint ventures

£m	2024	2023
At 27/28 August	4.4	4.2
Additions	-	0.3
Share of profit	0.1	0.1
Impairment reversal	0.3	-
Dividends received	(0.2)	(0.2)
At 31/26 August	4.6	4.4

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

11. Interests in joint ventures continued

Nature of investments in joint ventures

Company name/(number)	Share class	Group %	Registered address	Measurement method
Rascal Solutions Limited 05191277	Ordinary A Shares	50%	Silbury Court, 420 Silbury Boulevard, Milton Keynes MK9 2AF	Equity method
Bluebox Systems Group Limited SC544863	Ordinary A Shares	31.8%	Estantia House, Pitreavie Drive, Pitreavie Business Park, Dunfermline, Fife KY11 8US	Equity method
Fresh On The Go Limited 08775703	Ordinary Shares	30%	61 Bridge Street, Kington, HR5 3DJ	Equity method
Lucid Digital Magazines Limited t/a LoveMedia 12738320	Ordinary Shares	50%	Rowan House Cherry Orchard North, Kembrey Park, Swindon, England, SN2 8UH	Equity method

The Group owns 50% of the ordinary shares of Rascal Solutions Limited, a company incorporated in England, which in turn owns 100% of the ordinary shares of Open-Projects Limited. The latest statutory accounts of Rascal Solutions Limited were drawn up to 31 August 2023. Rascal Solutions Limited provides retail support services and is a strategic partnership for the Group to provide additional services to its existing customers.

Bluebox Systems Group Limited is the holding company of Bluebox Aviation Systems Ltd, the principal activity of which is the sale of innovative in-flight entertainment systems. This business is a strategic partnership with DMD which also provides inflight media to the aviation industry.

Fresh On The Go Limited provides retail outlets with coffee vending and other related products.

During the prior period, the Group purchased 50% of the ordinary shares in Lucid Digital Magazines Limited trading as LoveMedia, a company incorporated in England. LoveMedia provides single use downloads and subscriptions of digital newspapers and magazines to consumers.

The Group holds working capital loans of £0.3m (2023: £0.3m) to LoveMedia, which is presented within other debtors. During the current period these loans were fully impaired with losses recognised within net losses from joint ventures. There are no other commitments relating to its joint ventures.

All joint ventures are private companies and there is no quoted market price available for their shares.

Dividends of £0.2m (2023: £0.2m) were received in the period from joint ventures.

Rascal Solutions Limited investment

During the period Rascal Solutions Limited (Rascal) recorded a profit of £0.3m (2023: £0.5m). The Group holds £4.6m (2023: £4.2m) on the balance sheet comprising a £2.2m (2023: £1.8m) share of net assets and £2.4m (2023: £2.4m) of goodwill. Goodwill represents the difference between the fair value of the share of the net assets acquired and the amount paid, and forms part of the investment in the joint venture.

During the period, the Company reviewed the business plan for the Rascal Joint Venture considering the cumulative previous impairment recognised of £0.3m (2023: £0.3m).

The current period impairment review was performed, resulting in a value in use of £5.5m being calculated based on future cash flows of the Rascal business. These cash flows were discounted at a post-tax discount rate of 13.2% and a pre-tax discount rate of 17.6% (2023: 13.6% post-tax discount rate and pre-tax discount rate of 18.1%) and a terminal growth rate applied of 0% (2023: 0%). As a result, the remaining impairment of £0.3m was reversed and the investment is now held at cost plus its accumulated share of net assets.

12. Inventories

£m	2024	2023
Goods held for resale	22.0	17.5
Raw materials and consumables	0.1	0.2
Total	22.1	17.7

13. Trade and other receivables

£m	2024	2023
Trade receivables	76.4	73.5
Provision for individually assessed expected credit losses ⁽¹⁾	(3.8)	(4.4)
Provision for collectively assessed expected credit losses	(0.1)	(0.1)
	72.5	69.0
Other debtors	26.4	29.4
Prepayments	1.8	1.1
Accrued income	1.4	1.6
Trade and other receivables	102.1	101.1

(1) Net impairment loss on trade receivables – McColl's Retail Group

During the period ended 27 August 2022, the Company received notice that McColl's Retail Group had gone into administration. A statement of claim was filed with the administrators for an amount of £5.5m. The latest notification issued from the administrators on 7 June 2024 stated that unsecured creditors can be expected to receive between 30-50% (2023: 20-50%) of approved claims. Management has maintained a best estimate that only 30% (2023: 20%) of the outstanding balance is recoverable. The Company has therefore reduced the provision to £3.8m (2023: £4.4m), representing 70% (2023: 80%) of the total balance of £5.5m (2023: £5.5m). For more information see Note 4.

The expected credit loss provision of £3.8m (2023: £4.4m) has been allocated to 'over 90 days overdue' (2023: over 90 days overdue), matching the ageing profile of the £5.5m total receivable due.

If the Company had considered 50% (2023: 50%) of the total balance of £5.5m to be recoverable in line with the upper range of the administrator's estimate, the provision recognised would have been £2.7m (2023: £2.7m), allocated to 'over 90 days overdue' (2023: over 90 days overdue).

On 31 October 2024, £1.6m was received from the administrators as an interim dividend on the statement of claim filed.

Trade receivables

The average credit period taken on sale is 32 days (2023: 27 days). Trade receivables are generally non-interest bearing.

The following table provides information about the Group's exposure to credit risk and expected credit losses held against customer balances:

	2024				2023			
£m	Gross carrying amount	Individually assessed ECL	Collectively assessed ECL	Net carrying amount	Gross carrying amount	Individually assessed ECL	Collectively assessed ECL	Net carrying amount
Current (not overdue)	70.4	-	(0.1)	70.3	67.8	-	(0.1)	67.7
30-60 days overdue	0.1	-	-	0.1	-	-	-	-
61-90 days overdue	0.1	-	-	0.1	-	-	-	-
Over 90 days overdue	5.8	(3.8)	-	2.1	5.7	(4.4)	-	1.3
Total	76.4	(3.8)	(0.1)	72.5	73.5	(4.4)	(0.1)	69.0

The following table provides information about the Group's loss rates applied against customer balances:

%	2024	2023
Current (not overdue)	<0.1	<0.1
30-60 days overdue	<0.1	<0.1
61-90 days overdue	<0.1	<0.1
Over 90 days overdue	70.0	80.0

Of the trade receivables balance at the end of the year:

- two customers (2023: three) had individual balances that represented more than 10% of the total trade receivables balance. The total of these was £20.9m (2023: £30.3m); and
- a further three customers (2023: two) had individual balances that represented more than 5% of the total trade receivables balance. The total of these was £16.9m (2023: £9.0m).

13. Trade and other receivables continued

Trade receivables continued

The movement in provision for expected credit losses for the period is detailed below:

£m	Note	2024	2023
At 27/28 August		4.5	4.5
Expected credit losses recognised		0.1	0.1
Reversal of individually assessed credit losses	3	(0.6)	-
Amounts written off as uncollectible		(0.1)	(0.1)
At 31/26 August		3.9	4.5

The directors consider that the carrying amount of trade and other receivables approximates their fair value which is considered to be a level 2 methodology of valuing them. The inputs used to measure fair value are categorised into different levels of the fair value hierarchy (levels 1 to 3). The fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

Default occurs when the debt becomes overdue by 90 days.

The Group performed sensitivity analysis on the expected credit loss (excluding losses in respect of McColl's Retail Group) and should the default rate change from expected:

- An increase in default rate by 2% would increase the expected credit loss by £1.4m.
- A decrease in default rate by 2% would result in no credit losses.
- An increase in default rate by 5% would increase the expected credit loss by £3.4m.
- A decrease in default rate would result in no credit losses.

Other debtors and prepayments

The largest items included within this balance are returns reserve asset of £16.9m (2023: £16.8m) (refer to Note 1, section 6) and £8.0m (2023: £9.8m) of publisher debtors.

14. Trade and other payables

£m	2024	2023
Trade payables	(88.4)	(101.0)
Other creditors	(32.6)	(34.0)
Accruals	(7.4)	(6.4)
Deferred income	(0.1)	(0.1)
	(128.5)	(141.5)

Included within other creditors is a balance of £19.8m (2023: £19.7m) relating to the returns reserve accrual. (Refer to Note 1, section 6.)

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 33 days (2023: 32 days). No interest is charged on trade payables. The directors consider that the carrying amount of trade and other payables approximates to their fair value using a level 2 valuation.

Notes to the Accounts continued

15. Cash and borrowings

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

£m	Sterling	Euro	US Dollar	Other	Total 2024	2023
Cash and cash equivalents	6.4	0.3	0.2	0.1	7.0	37.3
Revolving credit facility	(18.0)	-	-	-	(18.0)	-
Term loan – current liabilities	-	-	-	-	-	(10.0)
Term loan – non-current liabilities	-	-	-	-	-	(31.5)
Unamortised arrangement fees – presented in non-current liabilities	0.4	-	-	-	0.4	1.3
Total borrowings	(17.6)	-	-	-	(17.6)	(40.2)
Net borrowings	(11.2)	0.3	0.2	0.1	(10.6)	(2.9)

Total borrowings

Due for settlement within 12 months	-	-	-	-	-	(10.0)
Due for settlement after 12 months	(17.6)	-	-	-	(17.6)	(30.2)
Total	(17.6)	-	-	-	(17.6)	(40.2)

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

In May 2024, an agreement was signed to extend and amend the existing financing arrangements. The original facility, which was due to expire in August 2025, has been extended to a final maturity date of 2 May 2027. The facility comprised an initial £40.0m amortising Revolving Credit Facility (RCF) with a £10.0m accordion option. The agreement is with HSBC and Santander.

At the year end the RCF was £18.0m. The total available amount is £40.0m for the life of the facility. As part of the terms of the financing, the Company and its principal trading subsidiaries have agreed to provide security over their assets to the lenders. The current rate on the facility is 2.45% per annum over SONIA (in respect of the RCF).

At 31 August 2024, the Company had £22.0m (2023: £22.5m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This is partially reduced by letters of credit of £1.5m (2023: £1.5m); further details are included in Note 20.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

£m	Note	27 August 2023	Financing cash flows	New leases	Other changes	31 August 2024
2024						
Revolving credit facility	16	-	18.0	-	(0.4)	17.6
Term loan	16	40.2	(41.5)	-	1.3	-
Leases		23.2	(7.9)	11.2	4.4	30.9
Total		63.4	(31.4)	11.2	5.3	48.5
£m	Note	28 August 2022	Financing cash flows	New leases	Other changes	26 August 2023
2023						
Term loan	16	47.1	(11.9)	-	5.0	40.2
Leases		27.6	(7.5)	1.7	1.4	23.2
Total		74.7	(19.4)	1.7	6.4	63.4

Other changes include rent increases, interest accruals and the amortisation of loan fees.

15. Cash and borrowings continued

Analysis of net debt

£m	Note	2024	2023
Cash and cash equivalents	16	7.0	37.3
Current borrowings	16	-	(10.0)
Non-current borrowings	16	(17.6)	(30.2)
Net borrowings		(10.6)	(2.9)
Lease liabilities	17	(30.9)	(23.2)
Net debt		(41.5)	(26.1)

16. Financial instruments

Treasury policy

The Group operates a centralised treasury function to manage the Group's funding requirements and financial risks in line with the Board-approved treasury policies and procedures and their delegated authorities. The role of Treasury is to ensure that appropriate financing is available for running the businesses of the Group on a day-to-day basis, whilst minimising interest cost. No transactions of a speculative nature are undertaken. Dealings are restricted to those banks with suitable credit ratings and counterparty risk and credit exposure is monitored frequently.

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 stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents as disclosed in Note 15 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity.

The only externally imposed capital requirements for the Group are Bank Net Debt to Bank EBITDA and interest cover under the terms of the banking facilities. The Group has fully complied during both the current year and the prior year. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders and/or issue new shares. In the prior period there was a cap on dividends of £10.0m under the banking facility; subject to all the covenants. As part of the refinancing in May 2024, this restriction was removed.

The Board regularly reviews the capital structure. As part of this review, the Board considers the cost of capital, and the risks associated with each class of capital. We expect free cash from operations to be sufficient to manage net debt while also maintaining an attractive total shareholder return. The Group is targeting a reduced Bank Net Debt: Bank EBITDA ratio of 0.5x during 2025, achieved through managing free cash from operations. The Group's facilities include a 'frozen GAAP' clause in relation to IAS 17 and Bank Net Debt: Bank EBITDA is stated on this basis.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by monitoring forecast and actual cash flows. The facilities that the Group has at its disposal to further reduce liquidity risk are described below.

As at 31 August 2024, the Group had £40m of committed bank facilities in place (2023: £64.0m). Bank facilities comprised a £40.0m revolving credit facility (RCF), which expires on 2 May 2027.

The facility described above is subject to the following covenants which are subject to a 'frozen GAAP' clause:

- Leverage cover – the Bank Net Debt: Bank EBITDA ratio which must remain below 2.5x, increasing from 1.5x on 2 May 2024. At 31 August 2024 the ratio was 0.3x (2023: 0.1x);
- Interest cover – the consolidated net interest: Bank EBITDA ratio which must remain above 4x. As at 31 August 2024 the ratio was 17.9x (2023: 10.5x); and
- Guarantor cover – the annual turnover, gross assets and pre-tax profits of the guarantors under the banking facilities contribute, at any time, 90% or more of the annual consolidated turnover, gross assets and pre-tax profits of the Group for each of its financial years. The guarantors, which are all 100% owned or wholly owned subsidiaries of Smiths News plc, comprise Smiths News plc, Smiths News Holdings Limited, and Smiths News Trading Limited. The fixed charge cover requirement was removed on 2 May 2024.

At 31 August 2024, the Group had available £20.5m (2023: £21.0m) of undrawn committed borrowing facilities comprising the £22.0m (2023: £22.5m) RCF above less letters of credit of £1.5m (2023: £1.5m); and a £10m Accordion facility, option further details are included in Note 22. There were no breaches of loan agreements during either the current or prior years.

As the Group is cash generative its liquidity risk is considered low. The Group's cash generation allows it to meet all loan commitments as they fall due as well as sustain a negative working capital position.

The Group invests significant resources in the forecasting and management of its cash flows. This is critical given a routine cash cycle at Smiths News that results in significant predictable swings within each month; the Group's average gross borrowing for the past year was £26.7m (2023: £45.4m). The Group has available funding via the undrawn RCF and a £10m accordion facility option.

Notes to the Accounts continued

16. Financial instruments continued

The following is an analysis of the undiscounted contractual cash flows payable under non-derivative financial liabilities. The undiscounted cash flows will differ from both the carrying value and fair value. Floating rate interest is estimated using the prevailing rate at the balance sheet date.

£m	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Greater than 3 years	Total
At 31 August 2024					
Bank and other borrowings	(18.0)	-	-	-	(18.0)
Trade and other payables	(128.5)	-	-	-	(128.5)
Leases	(7.6)	(6.8)	(6.0)	(19.8)	(40.2)
Total	(154.1)	(6.8)	(6.0)	(19.8)	(186.7)
At 26 August 2023					
Bank and other borrowings	(10.0)	(10.0)	(21.5)	-	(41.5)
Trade and other payables	(141.5)	-	-	-	(141.5)
Leases	(6.1)	(5.1)	(4.4)	(12.0)	(27.6)
Total	(157.6)	(15.1)	(25.9)	(12.0)	(210.6)

Counterparty risk

Dealings are restricted to those banks with suitable credit ratings and counterparty risk and credit exposure is monitored.

Foreign currency risk

- The majority of the Group's transactions are carried out in the functional currencies of its operations, and so transactional exposure is limited.
- The majority of the Group's net liabilities are held in Sterling, with £0.6m (2023: £0.6m) of net assets held in overseas currencies. Translation exposure arises on the retranslation of overseas subsidiaries' profits and net assets into Sterling for financial reporting purposes and is not seen as significant.
- Note 15 denotes borrowings by currency, with no material currency exposures to disclose.

Interest rate risk

The Group monitors its exposure to interest rate in light of the Group's debt exposure, consideration of the macroeconomic environment and sensitivity to potential interest rate rises. The Group avoids the use of derivatives or other financial instruments in circumstances when the outcome would effectively be largely dependent upon speculation on future rate movements.

Interest rate sensitivity analysis

Based on the assumption that the liabilities outstanding at the balance sheet date were outstanding for the whole year, if interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit and equity for the 53 weeks ending 31 August 2024 would decrease/increase by £0.1m (2023: £0.2m).

Credit risk

The Group considers its exposure to credit risk to be as follows:

£m	2024	2023
Bank deposits	7.0	37.3
Trade and other receivables	98.9	98.4
	105.9	135.7

Further detail on the Group's policy relating to trade receivables and other receivables can be found in Note 13.

17. Leases

The balance sheet shows the following right-of-use assets in relation to leases:

£m	Equipment and vehicles	Land and buildings	Total
Cost:			
At 27 August 2023	2.0	38.4	40.4
Additions	0.3	13.3	13.6
Disposals	(0.8)	(2.5)	(3.3)
At 31 August 2024	1.5	49.2	50.7
Accumulated depreciation:			
At 27 August 2023	(1.4)	(17.2)	(18.6)
Depreciation charge	(0.3)	(5.6)	(5.9)
Disposals	0.8	2.5	3.3
At 31 August 2024	(0.9)	(20.3)	(21.2)
Net book value at 31 August 2024	0.6	28.9	29.5
Cost:			
At 28 August 2022	1.7	42.1	43.8
Additions	0.3	1.4	1.7
Disposals	-	(5.1)	(5.1)
At 26 August 2023	2.0	38.4	40.4
Accumulated depreciation:			
At 28 August 2022	(1.0)	(16.5)	(17.5)
Depreciation charge	(0.4)	(6.0)	(6.4)
Disposals	-	5.3	5.3
At 26 August 2023	(1.4)	(17.2)	(18.6)
Net book value at 26 August 2023	0.6	21.2	21.8

Amounts recognised in respect of leases

£m	2024	2023
Interest expense (included in finance cost)	2.0	1.4
Expense relating to low-value leases (included in cost of sales and administrative expenses)	0.5	0.4
Property rental income	(0.4)	(0.4)
Total cash outflow from leases	7.9	6.5

Maturity analysis of lease liabilities

£m	2024	2023
Current	(5.5)	(4.9)
Non-current	(25.4)	(18.3)
Total	(30.9)	(23.2)

Amounts recognised as lessor:

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

£m	2024	2023
Within one year	0.3	0.2
In the second to fifth years inclusive	0.6	0.6
	0.9	0.8

Notes to the Accounts continued

18. Deferred tax

Deferred tax assets are attributable to the following:

£m	Fixed assets	Share-based payments	Other temporary differences	Total
At 27 August 2023	0.4	1.0	0.3	1.7
(Charge)/credit to income	(0.4)	-	0.1	(0.3)
Charge to equity	-	(0.1)	-	(0.1)
At 31 August 2024	-	0.9	0.4	1.3
At 28 August 2022	0.6	0.5	-	1.1
(Charge)/credit to income	(0.2)	(0.1)	0.3	-
Credit to equity	-	0.6	-	0.6
At 26 August 2023	0.4	1.0	0.3	1.7

The deferred tax assets have been deemed recoverable as the Group forecasts that it will continue to make profits against which the assets can be utilised for tax purposes. There were no deferred tax liabilities recognised in either reporting period.

The Group has capital losses carried forward of £20.2m (2023: £20.2m). Deferred tax assets of £5.1m (2023: £5.1m) have not been recognised in respect of the capital losses carried forward due to the uncertainty of their utilisation.

The deferred tax asset at the period end has been calculated based on the rate of 25% substantively enacted at the balance sheet date on the basis that the temporary differences are expected to unwind when that rate applies.

19. Provisions

£m	Reorganisation provisions	Insurance and legal provisions	Property provisions	Total
At 27 August 2023	(1.0)	(0.8)	(4.9)	(6.7)
Charged to income statement	(0.1)	(0.1)	(0.6)	(0.8)
Credited to income statement	-	0.3	0.2	0.5
Utilised in period	0.9	0.1	0.3	1.3
Unwinding of discount utilisation	-	-	(0.2)	(0.2)
At 31 August 2024	(0.2)	(0.5)	(5.2)	(5.9)
£m				2024
Included within current liabilities				(1.3)
Included within non-current liabilities				(4.6)
Total				(5.9)

Included within non-current liabilities is £4.6m (2023: £4.2m) relating to property provisions.

Reorganisation provisions of £0.2m (2023: £1.0m) relate to the restructure of the DMD business, the Smiths News network and the Group's support functions.

Insurance and legal provisions represent the expected future costs of employer's liability, public liability, motor accident claims and legal claims; included within the total balance is £0.5m (2023: £0.8m) relating to claims from the Tuffnells business prior to disposal.

The property provision represents the estimated future cost of dilapidation costs across the Group. These provisions have been discounted to present value and this discount will be unwound over the life of the leases. The provisions cover the period to 2034 with all of the liability falling within ten years.

The Group has performed sensitivity analysis on the property provision using the possible scenarios below:

If the discount rate changes by +/- 0.5%, the property provision would change by +/- £0.1m (2023: +/- £0.1m).

If the repair cost per square foot changes by +/-£1.00p, the property provision would change by +/-£0.3m (2023: +/- £0.4m).

20. Contingent assets, liabilities and capital commitments

Bank and other guarantees

As at 31 August 2024, the Group had approved letters of credit of £1.5m (2023: £1.5m) to the insurers of the Group for the motor insurance and employer liability insurance policies. The letters of credit cover the employer deductible element of the insurance policy for insurance claims.

Administration of Tuffnells Parcels Express Limited (Tuffnells)

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

The Board has considered the administration and other associated processes in respect of Tuffnells and notes that the Company has received a request for information from the Pensions Regulator (tPR) in respect of an ongoing formal investigation relating to the Tuffnells defined benefit pension scheme. The correspondence received states that tPR requires the Company to provide documentation to tPR in its capacity of being the former parent company of Tuffnells. The Company has confirmed that it will assist tPR with its enquiries in relation to this investigation. The Board has considered the details of the information request from tPR and has concluded that no provision is required at this stage. The Board reached this conclusion based on the early stages of the investigation and there being no certainty as to how tPR may use the information requested or whether a future obligation will arise.

Indemnity coverage

On winding up of the News Section of the WH Smith Pension Trust defined benefit pension scheme in December 2021, the Company has agreed run-off indemnity coverage for any member claims that were uninsured liabilities capped at £6.5m over the following 60 years. The Group is not aware of any claims brought during either the current or prior reporting period.

Receipt of refund from overpayment of tax

On 16 October 2024 the Company received a sum of £1.5m from the WH Smith Pension Trust in respect of the refund of an overpayment of tax made by the Pension Trustee in 2022. This overpayment was in respect of the wind up of the News Section of the WH Smith Pension Trust defined benefit pension scheme in December 2021 and was recently identified following advice from third parties and confirmed with HM Revenue & Customs.

Reversionary leases

Other potential liabilities that could crystallise are in respect of previous assignments of leases where the liability could revert to the Group if the lessee defaulted. Pursuant to the terms of the Demerger Agreement from WH Smith PLC in 2006, any such contingent liability in respect of assignment prior to demerger, which becomes an actual liability, will be apportioned between Smiths News plc and WH Smith PLC in the ratio 35:65 (provided that the actual liability of Smiths News plc in any 12-month period does not exceed £5m). The Company's share of these leases has an estimated future cumulative gross rental commitment at 31 August 2024 of £0.4m (2023: £0.5m).

Capital commitments

Contracts placed for future capital expenditure approved by the directors but not provided for amount to £2.2m (2023: £nil).

21. Net cash inflow from operating activities

£m	Note	2024	2023
Operating profit	3	40.0	38.3
Impairment reversal of investment in joint venture	11	(0.3)	-
Share of loss/(profit) of joint ventures	11	0.2	(0.1)
Depreciation of property, plant and equipment	10	2.2	2.2
Depreciation of right-of-use assets	17	5.9	6.4
Amortisation of intangible assets	9	0.4	0.6
Share-based payments		0.9	1.1
Increase in inventories		(4.4)	(2.1)
Decrease in receivables		(1.0)	(5.5)
(Decrease)/increase in payables		(12.2)	1.9
(Decrease)/increase in provisions		(0.8)	0.2
Income tax paid		(8.5)	(6.6)
Net cash inflow from operating activities		22.4	36.4
Net cash flow from operating activities is stated after the following adjusting items:			
	3		
Network and reorganisation costs		(0.2)	(0.2)
Tuffnells provision utilisation		(0.1)	(0.2)
Technology transformation costs		(0.1)	-
Aborted acquisition costs		-	(0.6)
Total adjusting items cash flow		(0.4)	(1.0)

Notes to the Accounts continued

22. Share capital

(a) Share capital

£m	2024	2023
Issued, authorised and fully paid:		
247.7m ordinary shares of 5p each (2023: 247.7m)	12.4	12.4

(b) Movement in share capital

Number (m)	Ordinary shares of 5p each	
At 26 August 2023 and at 31 August 2024	247.7	

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

No shares were issued during the current or prior periods.

(c) Share premium

£m	2024	2023
At 26 August 2023 and at 31 August 2024	60.5	60.5

23. Reserves

(a) Demerger reserve

£m	2024	2023
At 26 August 2023 and at 31 August 2024	(280.1)	(280.1)

This relates to reserves created following the capital reorganisation undertaken as part of the demerger of WH Smith PLC in 2006. The balance represented the difference between the share capital and reserves of the Group restated on a pro-forma basis as at 31 August 2004 and the previously reported share capital.

(b) Own shares reserve

£m	2024	2023
Balance at 27/28 August	(4.4)	(4.6)
Acquired in the period	(3.3)	(1.7)
Disposed of on exercise of options	4.0	1.9
Balance at 31/26 August	(3.7)	(4.4)

The reserve represents the cost of shares in Smiths News plc purchased in the market and held by the Smiths News Employee Benefit Trust (EBT) to satisfy awards and options granted under the Group's Executive Share Schemes (see Note 25). The number of ordinary shares held by the EBT as at 31 August 2024 was 8,031,253 (2023: 10,613,896). In accordance with IAS 32, these shares are deducted from shareholders' funds. Under the terms of the EBT, the Trustee has waived all dividends on the shares it holds.

(c) Translation reserve

£m	2024	2023
At 27 August 2023/28 August 2022	0.4	0.4
Retranslation of reserves (subsidiaries)	(0.2)	–
At 31 August 2024/26 August 2023	0.2	0.4

24. Retained earnings

	£m
Balance at 27 August 2022	179.4
Amounts recognised in total comprehensive income	25.1
Dividends paid	(9.8)
Disposed of on exercise of options	(1.9)
Equity-settled share-based payments, net of tax	1.5
Deferred tax recognised in equity	0.6
Balance at 26 August 2023	194.9
Amounts recognised in total comprehensive income	25.6
Dividends paid	(10.8)
Disposed of on exercise of options	(3.2)
Equity-settled share-based payments, net of tax	0.9
Current tax recognised in equity	0.1
Deferred tax recognised in equity	(0.1)
Balance at 31 August 2024	207.4

25. Share-based payments

The Group recognised a total charge of £0.9m (2023: £1.1m) related to equity-settled share-based payment transactions. The average share price throughout the year was 51.5p (2023: 44.6p).

The Group operates the following share incentive schemes:

Sharesave Scheme	Under the terms of the Group Sharesave Scheme, the Board may grant options to purchase ordinary shares in the Company to eligible employees who enter into an HM Revenue & Customs approved Save-As-You-Earn (SAYE) savings contract for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract.
Executive Share Option Scheme (ESOS)	Under the terms of the Group Executive Share Option Scheme, the Board may grant options to purchase ordinary shares in the Company to executives up to an annual limit of 200% of base salary. The exercise of options is conditional on the achievement of adjusted profit after a three-year period, which is determined by the Remuneration Committee at the time of grant. Provided that the target is met, options are normally exercisable until the day preceding the tenth anniversary of the date of grant.
LTIP	Under the terms of the Group LTIP, executive directors and key senior executives may be awarded each year conditional entitlements to ordinary shares in the Company (which may be in the form of nil cost options or conditional awards) or, in order to retain flexibility and at the Company's discretion, a cash sum linked to the value of a notional award of shares up to a value of 200% of base salary. The vesting of awards is subject to the satisfaction of a three-year performance condition, which is determined by the Remuneration Committee at the time of grant. Subject to the satisfaction of the performance condition, awards are normally exercisable until the tenth anniversary of the date of grant.
Deferred Bonus Plan (DBP)	Under the terms of the Group Deferred Bonus Plan, each year executive directors and key senior executives may be granted share awards (in the form of nil cost options) dependent on the achievement of the Annual Bonus Plan performance targets. Awards are immediately exercisable, but a two-year hold-back period applies, during which the share certificate for such shares is held by the Company. Separately, key senior executives may also be granted share awards (in the form of nil cost options) under the DBP plan in respect of a (discounted) restricted share award (dependent on continued employment with the Company).

Notes to the Accounts continued

25. Share-based payments continued

Details of the options/awards are as follows:

Number of options/awards	Sharesave		ESOS		LTIP		DBP	
	No of shares	Weighted average exercise price (p)	No of shares	Weighted average exercise price (p)	No of shares	Weighted average exercise price (p)	No of shares	Weighted average exercise price (p)
At 27 Aug 2022	7,579,083	25.27	1,056,744	126.1	10,893,872	-	1,499,148	-
Granted	1,316,234	55.40	-	-	2,695,499	-	1,337,604	-
Exercised	(264,430)	-	-	-	(2,791,373)	-	(1,614,771)	-
Expired/Forfeited	(670,274)	30.01	(256,294)	137.8	(1,429,910)	-	-	-
At 26 Aug 2023	7,960,613	30.38	800,450	125.3	9,368,088	-	1,221,981	-
Granted	1,603,582	60.80	-	-	2,994,040	-	1,389,805	-
Exercised	(4,415,748)	-	-	-	(3,167,125)	-	(1,424,789)	-
Expired/Forfeited	(302,050)	42.83	(340,412)	189.5	(201,737)	-	(18)	-
At 31 Aug 2024	4,846,397	-	460,038	-	8,993,266	-	1,186,979	-
Exercisable at 31 Aug 2024	-	-	460,038	153.9	-	-	-	-
Exercisable at 26 Aug 2023	-	-	800,450	125.3	-	-	-	-

The weighted average remaining contractual life in years of options/awards is as follows:

	Sharesave	ESOS	LTIP	DBP
Outstanding at 31 August 2024	1.0	0.3	1.2	1.6
Outstanding at 26 August 2023	1.4	5.2	1.2	1.5

Details of the options/awards granted or commencing during the period were as follows:

	Sharesave	ESOS	LTIP	DBP
During 2024:				
Effective date of grant or commencement date	Jul 2024	-	Dec 2023	Dec 2023
Average fair value at date of grant or scheme commencement – pence	16.4	-	32.6	47.6
During 2023:				
Effective date of grant or commencement date	Jul 2023	-	Jan 2023	Jan 2023
Average fair value at date of grant or scheme commencement – pence	21.5	-	34.9	50.6

The options outstanding at 31 August 2024 had exercise prices ranging from nil to 48.9p (2023: nil to 139.5p). The weighted average share price on the date of exercise was 45.4p (2023: 47.8p).

The Sharesave options granted during each period have been valued using the Black-Scholes model. The LTIP performance measures include a 60% (2023: 70%) total shareholder return (TSR) metric which is valued by reference to the share price at date of grant less an adjustment for the TSR portion of the award. The DBP schemes are valued by reference to the share price at the date of grant.

The inputs to the Black-Scholes model are as follows:

	Sharesave	LTIP	DBP
2024 options/awards:			
Share price at grant date – pence	60.8	48	48
TSR adjustment – pence	-	(25)	-
Exercise price – pence	48.9	-	-
Expected volatility – per cent	69.5	-	-
Expected life – years	3	-	-
Risk free rate – per cent	3.9	-	-
Expected dividend yield – per cent	7.48	-	-
Weighted average fair value – pence	16	33	48
2023 options/awards:			
Share price at grant date – pence	55.4	51	51
TSR adjustment – pence	-	(23)	-
Exercise price – pence	44.3	-	-
Expected volatility – per cent	121.5	-	-
Expected life – years	3	-	-
Risk free rate – per cent	4.7	-	-
Expected dividend yield – per cent	8.83	-	-
Weighted average fair value – pence	22	28	51

26. Post balance sheet events

The directors have considered the period between the balance sheet date and the date when the accounts are authorised for issue for evidence of conditions that existed at the balance sheet date, either adjusting or non-adjusting post balance sheet events, and have concluded that, other than those events disclosed in Note 15 and Note 20, there are no other events in the current period.

27. Related-party transactions

Transactions between businesses within the Group which are related parties have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

£m	Sales to related parties	
	2024	2023
Joint ventures	0.4	0.4

Sales to related parties are for management fees and payment is due on the last day of the month following the date of invoice. There were no amounts owed by related parties in either period.

Non-trading transactions

£m	Loans to related parties	
	2024	2023
Joint ventures	-	0.3

Directors' remuneration

£m	2024	2023
Salaries	0.8	0.8
Bonus	0.6	0.5
Non-executive director fees	0.4	0.4
	1.8	1.7

Information concerning directors' remuneration, interest in shares and share options is included in the Directors' Remuneration report.

There are two (2023: two) directors to whom retirement benefits are accruing in respect of qualifying services under money purchase schemes.

Directors made gains on share options of £nil (2023: £nil).

Key management personnel (including directors)

The remuneration of the directors and the Executive Team, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

£m	2024	2023
Short-term employee benefits	3.0	2.9
Share-based payments	0.8	1.0
	3.8	3.9

Notes to the Accounts continued

28. Subsidiary and associated undertakings

The table below summarises the interests of the Group as at 31 August 2024:

Company name/(number)	Share class	Group %	Company name/(number)	Share class	Group %
United Kingdom					
Rowan House, Cherry Orchard North, Kembrey Park, Swindon SN2 8UH					
Connect Limited 02008952	Ordinary Shares	100%	Martin Lavell Limited 02654521 (*)	Ordinary Shares	100%
Connect Logistics Limited 09172965	Ordinary Shares	100%	Pass My Parcel Limited 09172022	Ordinary Shares	100%
Connect News & Media Limited 08572634	Ordinary Shares	100%	Phantom Media Limited 03805661 (*)	Ordinary Shares	100%
Connect Parcel Freight Limited 09295023	Ordinary Shares	100%	Smiths News Holdings Limited 04236079	Ordinary Shares	100%
Connect Parcels Limited 09172850	Ordinary Shares	100%	Smiths News Instore Limited 03364589	Ordinary Shares	100%
Connect Services Limited 08522170	Ordinary Shares	100%	Smiths News Investments Limited (*) 06831284	Ordinary Shares	100%
Connect Specialist Distribution Group Limited 08458801	Ordinary Shares	100%	Smiths News Distribution Limited 08506961	Ordinary Shares	100%
Connect2U Limited 03920619	Ordinary Shares	100%	Smiths News Trading Limited 00237811	Ordinary Shares	100%
Dawson Media Services Limited 06882722	Ordinary Shares	100%	Dawson Limited 03433262	Ordinary Shares	100%
Dawson Guarantee Company Limited 06882393	Ordinary Shares	100%	Dawson Media Direct Limited (*) 06882366	Ordinary Shares	100%
Dawson Holdings Ltd (*) 00034273	Ordinary Shares	100%			
Germany					
Dawson Media Direct GmbH HRB 96649	Ordinary Shares	100%	Johannstr. 39 40476 Dusseldorf, Germany		
Hong Kong					
Dawson Media Direct China Limited 1167911	Ordinary Shares	100%	Flat/Rm 5008 50/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong		
Thailand					
Dawson Media Direct Company Limited 105558138385	Ordinary Shares	48.9%	87 M Thai Tower, All Seasons Place, 23rd Floor, Wittayu Road, Lumpini Sub-District, Pathumwan District, Bangkok, Thailand		

* Audit exemption statement

For the 53 weeks ended 31 August 2024, the companies as indicated in the table by '(*)' above were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. As such, Smiths News plc has provided a guarantee against all debts and liabilities in these subsidiaries as at 31 August 2024. The members of these companies have not required them to obtain an audit of their financial statements for the 53 weeks ended 31 August 2024.

Company Balance Sheet

As at 31 August 2024

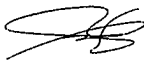
£m	Note	2024	2023
Fixed assets			
Investments in subsidiary undertakings	3	402.5	383.6
Current assets			
Amounts owed by subsidiary undertakings	4	30.6	30.6
Total assets		433.1	414.2
Creditors: amounts falling due within one year	5	(229.8)	(219.0)
Net assets		203.3	195.2
Capital and reserves			
Called up share capital	6(a)	12.4	12.4
Share premium account	6(c)	60.5	60.5
Retained earnings	7	130.4	122.3
Total shareholders' funds		203.3	195.2

The result for the year was a profit of £18.9m (2023: £13.4m).

These accounts were approved by the directors on 4 November 2024.

Signed on behalf of the Board of Directors:


Jonathan Bunting
Chief Executive Officer


Paul Baker
Chief Financial Officer

Registered number - 05195191

Company Statement of Changes in Equity

For the 53 weeks ended 31 August 2024

£m	Share capital	Share premium	Retained earnings	Total
Balance at 27 August 2022	12.4	60.5	118.7	191.6
Profit for the year and total comprehensive income	-	-	13.4	13.4
Dividend paid	-	-	(9.8)	(9.8)
Balance at 26 August 2023	12.4	60.5	122.3	195.2
Profit for the year and total comprehensive income	-	-	18.9	18.9
Dividend paid	-	-	(10.8)	(10.8)
Balance at 31 August 2024	12.4	60.5	130.4	203.3

Notes to the Company balance sheet

1. Accounting policies

(a) Accounting convention

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company has taken advantage of section 408 of the Companies Act 2006 not to present a profit and loss account and related notes.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cashflows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of options, and how the fair value of goods and services received was determined); and
- IFRS 7, 'Financial Instruments: Disclosures'.

Where required, equivalent disclosures are given in the Group Financial Statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in Note 1 to the Group Financial Statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

Estimated impairment of investments

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined using value in use calculations. The value in use method requires the Company to determine appropriate assumptions in relation to the cash flow projections over the three-year plan period (which is a key source of estimation uncertainty), the terminal growth rate to be applied beyond this three-year period and the risk-adjusted post-tax discount rate used to discount the assumed cash flows to present value. The assumption that cash flows continue into perpetuity is a source of significant estimation uncertainty.

(b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are individually valued at historical cost less provision for impairment in value.

(c) Financial liabilities and equities

Trade payables are measured at amortised cost.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(d) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

2. Result for the year

The Company has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The result for the year attributable to shareholders, which is stated on an historical cost basis, was a profit of £18.9m (2023: £13.4m). There were no other recognised gains or losses. The dividend paid in the year is £10.8m (2023: £9.8m) (refer to Note 7 of the Group financial statements).

Notes to the Company balance sheet continued

3. Investments in subsidiary undertakings

£m	2024	2023
Net book value:		
Balance at 27/28 August	383.6	370.2
Impairment reversal	18.9	13.4
Balance at 31/26 August	402.5	383.6

At 31 August 2024 the carrying value of the Company's investment in subsidiary was £402.5m (2023: £383.6m) with a cumulative impairment provision of £260.4m (2023: £279.3m). At the period end, the directors identified indicators both of impairment (due to the difference between the Group's total market capitalisation and carrying value and ongoing market decline) and of reversal of impairment (lower risk free rate, lower net debt position for the Group and an improved outlook evidenced through an increase in the average share price). Accordingly, they conducted an impairment review, based on the Group's value in use adjusted for net debt, which included a sensitivity analysis on the key inputs including the discount rate and on scenarios which might affect the Group's future cash flows.

The Group's calculated value in use increases as a result of higher present cash flows from a lower discount rate partially offset by lower expected profitability in the outer years of the assessment period. The sensitivity analyses showed a material range of outcomes was possible and highlighted a sensitivity to the discount rate (see table below).

The directors further considered whether there had been a significant change to the long-term value of the Group or its market since the prior year. The Group's FY2024 result (£39.1m adjusted operating profit) was higher than the modelled and market expectation of £38.2m and therefore there was no evidence of a decline in the Group's current outlook.

As a result of the impairment review, the directors concluded that it was appropriate to partially reverse the previously recognised cumulative impairment of £279.3m by £18.9m representing the modelled estimate of the Group's value in use being higher than the carrying amount of the Company's investment in subsidiary.

The Company indirectly owns three cash generating units (CGU), Smiths News Trading Limited (Smiths News), Dawson Media Direct group (DMD) and its joint venture investment in Rascal Solutions Limited. Each cash-generating unit was independently valued using value in use calculations; the Company prepares cash flow forecasts derived from the most recent budgets and three-year plans. Cash flows beyond this three-year period are extrapolated using a terminal growth rate based on management's future expectations.

The future cash flows applied in the calculation reflect the Group's current plan for Smiths News and its ancillary businesses. These plans reflect the updated trading position of the businesses with ongoing inflationary cost pressures.

The key assumptions in the value in use calculations are the rates of revenue decline including the offsetting impact of growth initiatives, level of cost mitigation to maintain margins, terminal growth rates and the risk-adjusted post-tax discount rate. The post-tax discount rates are derived from a risk-adjusted weighted cost of capital using an average market participant capital structure, the inputs of which include a UK risk free rate, risk premium, small company risk premium and a risk adjustment (beta). The post-tax discount rate used is 11.2% (2023: 11.6%) for the primary Smiths News CGU. The pre-tax discount rate used for the Smiths News CGU is 14.9% (2023: 15.5%).

The core newspaper and magazine market (and associated revenues) is in long-term structural decline and it is assumed that revenue is expected to fall each year over the longer term. Any such decline in revenue is considered to be consistently within a historically tight range, allowing management to plan appropriate cost savings measures each year to mitigate the impact of any fall in revenue such that profitability and cash flows are maintained or impacted to a lesser extent by such declining revenues. It is expected that, as cost savings become optimised, it is expected that leveraging growth opportunities will continue offset any further decrease in revenue. As such, a terminal growth rate of 0% (2023: 0%) is used in the calculations.

As disclosed in the accounting policies (see Note 1), the cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to a change in the impairment loss. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions and in reference to the Company's principal risks.

	Terminal growth rate (TGR) %	Post-tax discount rate %	Reversal/ (impairment) £m	Impact to carrying value £m
Expected case	0%	11.2	18.9	-
+1% Discount rate	0%	12.2	1.7	(17.2)
-1% Discount rate	0%	10.2	39.4	20.5
+1% TGR	1%	11.2	32.7	13.8
-1% TGR	(1%)	11.2	7.5	(11.4)
Scenario 1	0%	11.2	(11.3)	(30.2)
Scenario 2	0%	11.2	(7.8)	(26.7)

Scenario 1 – Assumes gross profit from newspapers and magazines is reduced by 3%

Scenario 2 – Assumes profit from growth activities is reduced by 50%

4. Amounts owed by subsidiary undertakings

£m	2024	2023
Amounts owed by subsidiary undertakings	30.6	30.6

Amounts owed by subsidiary undertakings are repayable on demand, unsecured, non-interest bearing and settled in cash.

5. Creditors: amounts falling due within one year

£m	2024	2023
Amounts owed to subsidiary undertakings	(229.8)	(219.0)

Amounts owed to subsidiary undertakings are repayable on demand, unsecured, non-interest bearing and typically settled in cash.

6. Share capital**(a) Share capital**

£m	2024	2023
Issued and fully paid ordinary shares of 5p each		
At 26 August 2023 and at 31 August 2024	12.4	12.4

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

(b) Movement in share capital

Number (m)	Ordinary shares of 5p each
At 26 August 2023 and at 31 August 2024	247.7

(c) Share premium

£m	
At 26 August 2023 and at 31 August 2024	60.5

7. Reserves

Retained earnings	£m
At 27 August 2023	122.3
Profit for the period	18.9
Dividend paid	(10.8)
At 31 August 2024	130.4

8. Directors' emoluments and employees

The Company engaged five (2023: five, restated) non-executive directors. Smiths News Trading Limited, an indirect subsidiary, pays all remuneration without recharge for all directors and the amounts are disclosed within the Directors' Remuneration report.

Glossary - Alternative performance measures

Introduction

In the reporting of financial information, the directors have adopted various alternative performance measures (APMs).

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

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

Purpose

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

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

The key APMs that the Group has focused on and changes to APMs within the period can be found in Note 1.

Adjusting items	No direct equivalent	N/A	Note 3	Adjusting items of income or expenses are excluded in arriving at adjusted operating profit to present a further measure of the Group's performance. Each Adjusting items is considered to be significant in nature and/or quantum, non-recurring in nature and/or unrelated to the Group's ordinary activities or consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team.
Adjusted operating profit	Operating profit*	Adjusting items	Income statement/ Note 3	Adjusted operating profit is defined as operating profit excluding the impact of adjusting items (defined above). This is the headline measure of the Group's performance and is a key management incentive metric.
Adjusted profit before tax	Profit before tax (PBT)	Adjusting items	Income statement/ Note 3	Adjusted profit before tax is defined as profit before tax excluding the impact of adjusting items (defined above).
Adjusted profit after tax	Profit after tax (PAT)	Adjusting items	Income statement/ Note 3	Adjusted profit after tax is defined as profit after tax from continuing operations, excluding the impact of adjusting items (defined above).
Adjusted EBITDA	Operating profit*	Depreciation and amortisation Adjusting items	Note 2	This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation and adjusting items.
Bank EBITDA	Operating profit*	Depreciation and amortisation Adjusting items Operating lease charges	Note 2	This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation, adjusting items and adds back operating lease charges under accounting standards applicable in 2019 and share-based payments expense. This measure is used to calculate compliance with banking covenants.
Adjusted earnings per share	Earnings per share	Adjusting items	Note 8	Adjusted earnings per share is defined as Adjusted PBT, less taxation attributable to Adjusted PBT and including any adjustment for minority interest to result in adjusted PAT attributable to shareholders; divided by the basic weighted average number of shares in issue.
Free cash flow	Net movement in cash and cash equivalents	Dividends, acquisitions and disposals, repayment of bank loans, EBT share purchases	Page 62	Free cash flow is defined as the movement in cash and cash equivalent plus the following: payment of dividends, the impact of acquisitions and disposals, the repayment of bank loan principal amounts, and outflows for purchases of own shares (EBT share purchases). This measure reflects the cash available to the Group, which can be used for investments, dividends and the reduction of debt.

Free cash flow (excluding adjusting items)	Net movement in cash and cash equivalents	Dividends, acquisitions and disposals, repayment of bank loans, EBT share purchases, pension deficit repair payments adjusting items	Page 62	Free cash flow (excluding adjusting items) is free cash flow adding back adjusting cash costs.
Bank Net Debt	Borrowings less cash		Cash flow statement	Bank net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings excluding unamortised arrangement fees, overdrafts and obligations under finance leases under accounting standards applicable in 2019.
Net debt	Borrowings less cash		Cash flow statement	Net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings, overdrafts and obligations under leases.

* Operating profit is presented on the Group income statement. It is not defined per IFRS, however, is a generally accepted profit measure.

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

A reconciliation between free cash flow and the net increase in cash and cash equivalents is shown below:

£m	2024	2023
Net (decrease)/increase in cash and cash equivalents	(30.3)	2.0
Net decrease in borrowings	23.5	8.0
Movement in borrowings and cash	(6.8)	10.0
Dividend paid	10.8	9.8
Investment in joint venture	-	0.3
Outflow for EBT shares	3.3	1.7
Total free cash flow	7.3	21.8

Reconciliation of bank net debt to reporting net debt

£m	2024	2023
Bank net debt	(11.0)	(4.2)
Unamortised arrangement fees (Note 15)	0.4	1.3
IFRS 16 lease liabilities (Note 17)	(30.9)	(23.2)
Net debt (Note 15)	(41.5)	(26.1)

Reconciliation of adjusted operating profit to Bank EBITDA

£m	2024	2023
Operating profit	40.0	38.3
Adjusting items	(0.9)	0.5
Adjusted operating profit	39.1	38.8
Depreciation	2.2	2.2
Amortisation	0.4	0.6
Right of use asset depreciation	5.9	6.4
Adjusted EBITDA	47.6	48.0
Operating lease charges	(8.3)	(8.1)
Exclude: Share based payments expense	0.9	1.1
Bank EBITDA	40.2	41.0

Shareholder information

Company Secretary and registered office

Stuart Marriner, Smiths News plc, Rowan House, Cherry Orchard North, Kembrey Park, Swindon, Wiltshire SN2 8UH.

Telephone 0845 128 8888.

Smiths News plc is registered in England and Wales (company number 05195191).

Shareholder enquiries may be submitted to cosec@smithsnews.co.uk

General shareholder enquiries – Registrars

Enquiries relating to shareholders, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrars EQ (formerly Equiniti) at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (telephone +44 (0)371 384 2771.¹ For deaf and speech impaired customers, we welcome calls via Relay UK. Please see → www.relayuk.bt.com for more information.

In addition, EQ provides a range of shareholder information online at → www.shareview.co.uk (to register for this service you will need your shareholder reference number which can be found on the Proxy Form).

¹ Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

Company website

Smiths News plc's Annual Reports and results announcements are available online at → www.smithsnews.co.uk. The investor zone section of our website provides a wide range of information about the Company including Annual Reports, regulatory news releases, share price data, financial calendar and a Shareholder Centre containing Annual General Meeting information and other useful shareholder information.

Annual Report and Group Financial Statements

This Annual Report and the Group Financial Statements are published on our website and have only been sent to those shareholders who have asked for a copy. Shareholders who have not requested a paper copy of the Annual Report and Financial Statements have been notified of the availability on our website.

Annual General Meeting

The 2025 Annual General Meeting will be held at DoubleTree by Hilton, Lydiard Fields, Great Western Way, Swindon SN5 8UZ on Thursday 16 January 2025 at 11.30am.

The Notice of Annual General Meeting sets out the business to be transacted. Shareholders who wish to attend the meeting should detach the Attendance Card from the Proxy Form that they are sent and present it at the registration desk on arrival at the Annual General Meeting.

The voting results of the 2025 Annual General Meeting will be accessible at → www.smithsnews.co.uk shortly after the meeting.

A paper copy of the Annual Report and Financial Statements can be obtained by writing to the Company Secretary at the address listed above or you can email your request to investor.relations@smithsnews.co.uk.

Proxy Form

Shareholders unable to attend the Annual General Meeting should complete a Proxy Form. To be effective, it must be completed and lodged with the Company's Registrars, EQ, by not later than 11.30am on Tuesday 14 January 2025.

Electronic proxy voting

You may, if you wish, register the appointment of a proxy for the Annual General Meeting electronically, by logging onto the website → www.sharevote.co.uk. Full details of the procedure are given on the website. You will need to have your Proxy Form to hand when you log on as it contains information which will be required. CREST members may appoint a proxy electronically via the Company's Registrars, EQ (ID RA19). If you are an institutional investor, you may alternatively be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrars. For further information regarding Proxymity, please go to → www.proxymity.io. Electronic proxy voting instructions must be received by not later than 11.30am on Tuesday 14 January 2025.

Financial calendar (provisional dates)

Financial year end	31 August 2024
Results announced	5 November 2024
Annual Report published	13 December 2024
FY2024 Final Dividend Record Date	10 January 2025
Annual General Meeting	16 January 2025
FY2024 Final Dividend Payment Date	6 February 2025
Half-year end	1 March 2025
Interim results announced	7 May 2025
Financial year end	30 August 2025
Results announced	4 November 2025

For the dates of events in the second half of the financial calendar, please check the Smiths News plc website at → www.smithsnews.co.uk nearer the relevant time for further details, and to ensure that no changes have been made.

Share dealing service

The Company has arranged for Shareview Dealing, a telephone and internet share dealing service offered by EQ, to be made available to UK shareholders wishing to buy or sell the Company's shares. For telephone dealing, you may call 03456 037 037 between 8.30am and 4.30pm, Monday to Friday, and for internet dealing log on to → www.shareview.co.uk/dealing. You will need your shareholder reference number shown on your share certificate.

ShareGIFT

If you only have a small number of shares which are uneconomic to sell, you may wish to consider donating them to charity under ShareGIFT, a charity share donation scheme administered by the Orr Mackintosh Foundation. A ShareGIFT transfer form may be obtained from EQ. Further information about the scheme can be found on the ShareGIFT website at → www.sharegift.org.

Warning to shareholders ('boiler room' scams)

In recent years, like many other companies, we have become aware of a small number of investors who have received unsolicited calls or correspondence, in some cases purporting to have been issued by us, concerning investment matters. These typically make claims of highly profitable opportunities in UK or US investments which, in fact, turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as 'boiler room' scams. Investors are advised to be wary of any unsolicited advice or offers to buy shares. If it sounds too good to be true, it often is.

Please see the Financial Conduct Authority website (Protect yourself from scams | FCA) for more detailed information about this or similar activity.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

UK Capital Gains Tax (CGT)

Rights Issue 17 December 2014

Shareholders who acquired shares

For the purposes of calculating any chargeable gains or losses, any ordinary shares you acquired as a result of the Rights Issue (at a price of 102p each) are treated as being acquired at the same time as your original holding of ordinary shares and the subscription cost added to the base cost of your original holding.

Shareholders who sold or renounced their rights or who allowed their rights to lapse

If you sold any or all of your rights to subscribe for the ordinary shares provisionally allotted to you, or if you allowed your rights to lapse and received a cash payment in respect of them, if the proceeds were 'small' as compared with the market value (on the date of sale or lapse) of your existing holding of ordinary shares in respect of which the rights arose, you will not generally be treated as making a disposal for CGT purposes. Instead, the proceeds received should be deducted from the base cost of your existing holding of ordinary shares. HMRC current practice is to regard a sum as 'small' for these purposes where either: (i) the proceeds do not exceed 5% of the market value (at the date of sale or lapse) of the ordinary shares in respect of which the rights arose; or (ii) the sum received is £3,000 or less, regardless of whether the 5% test is satisfied.

If the proceeds you received were not 'small' the sale is treated as a disposal and, in order to calculate any chargeable gains or losses, you need to apportion the original base cost of your existing holding of ordinary shares between the sale proceeds and your existing holding of ordinary shares in the ratio of the sale proceeds divided by the sale proceeds plus the market value of your existing holding of ordinary shares (on the date of sale or lapse). Further guidance can be found on the HMRC website → www.gov.uk/capital-gains-tax-share-reorganisation-takeover-or-merger.

Demerger 31 August 2006

Following the demerger of new WH Smith PLC on 31 August 2006, in order to calculate any chargeable gains or losses arising on the disposal of shares after 31 August 2006, the original tax base cost of your old WH Smith PLC ordinary shares of 2¹³/₈p (adjusted if you held your shares at 24 September 2004 and 22 May 1998 to take into account the capital reorganisations of 27 September 2004 and 26 May 1998 respectively (see below)) will have to be apportioned between the shareholdings of ordinary shares of 5p in the Company and ordinary shares of 22⁸/₆₇p (or 20p if the disposal took place before 22 February 2008) in new WH Smith PLC in the ratio of 0.30415 and 0.69585 respectively.

Capital reorganisation 27 September 2004

If your shares result from a holding of old WH Smith PLC shares acquired on or before 24 September 2004, in order to calculate any chargeable gains or losses arising on the disposal of shares after 24 September 2004, the original tax base cost of your old WH Smith PLC ordinary shares of 55⁵/₈p (adjusted if you held your shares as at 22 May 1998 to take into account the capital reorganisation of 26 May 1998 (see below)) will have to be apportioned between the shareholdings of ordinary shares of 2¹³/₈p and 'C' shares resulting from the capital reorganisation.

The cost of your shareholding of ordinary shares of 2¹³/₈p is calculated by multiplying the original base cost of your ordinary shares of 55⁵/₈p (adjusted where necessary to take into account the capital reorganisation of 26 May 1998 referred to above) by 0.73979.

Capital reorganisation 26 May 1998

If your shares result from a holding of old WH Smith PLC shares acquired on or before 22 May 1998, in order to calculate any chargeable gains or losses arising on the disposal of shares after 22 May 1998, the original tax base cost of your old WH Smith PLC ordinary shares of 50p will have to be apportioned between the shareholdings of ordinary shares of 55⁵/₈p and redeemable 'B' shares resulting from the capital reorganisation.

The cost of your shareholding of ordinary shares of 55⁵/₈p is calculated by multiplying the original cost of your ordinary shares of 50p by 0.90714.

Shareholder information continued

March 1982 values

If your shares result from a holding of old WH Smith PLC shares acquired on or before 31 March 1982, the tax base cost to be used in order to calculate any chargeable gains or losses arising on the disposal of shares is the 31 March 1982 base values per share as follows:

	Arising from an original shareholding of old WH Smith PLC	
	'A' ordinary shares	'B' ordinary shares
Ordinary shares of 5p	26.93p	22.25p
WH Smith PLC ordinary shares of 22 ⁵ / ₆ p	61.62p	50.92p

If you have a complicated tax position, or are otherwise in doubt about your tax circumstances, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

Cautionary statement

This Annual Report contains certain forward-looking statements with respect to Smiths News plc's financial condition, its results of operations and businesses, strategy, plans, objectives and performance. Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense and statements other than statements of historical fact, identify forward-looking statements. These forward-looking statements are not guarantees of Smiths News plc's future performance and relate to events and depend on circumstances that may occur in the future and are therefore subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including, among others, the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; and war and terrorism. These forward-looking statements speak only as at the date of this document and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Unless otherwise required by applicable law, regulation or accounting standard, Smiths News plc undertakes no responsibility to publicly update any of its forward-looking statements whether as a result of new information, future developments or otherwise.

The information contained within this Annual Report may be deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (as it forms part of the law of England and Wales by virtue of section 3 of the European Union (Withdrawal) Act 2018). Upon the publication of this Annual Report, this inside information is now considered to be in the public domain.

