7 December 2023

Connectors. Creators. Experience Makers.

FUTURE plc

2023 FULL YEAR RESULTS

Future plc (LSE: FUTR, "Future", "the Group"), the global platform for specialist media, today publishes its results for the year ended 30 September 2023.

Highlights

Financial results for the year ended 30 September 2023

Adjusted results	**FY 2023**	**FY 2022**	**Reported Var**	**Constant[1] currency var**	**Organic[2] Var**
Revenue (£m)	788.9	825.4	(4)%	(6)%	(10)%
Adjusted EBITDA (£m)[3]	276.8	293.8	(6)%	(9)%	n/a
Adjusted operating profit (£m)[4]	256.4	271.7	(6)%	(9)%	n/a
Adjusted operating profit margin (%)	32%	33%	(1)ppt	(1)ppt	n/a
Adjusted diluted EPS (p)[7]	140.9p	163.5p	(14)%		n/a
Adjusted free cash flow (£m)[9]	253.2	267.2	(5)%		n/a

Statutory results	**FY 2023**	**FY 2022**	**Reported Var**
Revenue (£m)	788.9	825.4	(4)%
Operating profit (£m)	174.5	188.6	(7)%
Operating profit margin (%)	22%	23%	(1)ppt
Profit before tax (£m)	138.1	170.0	(19)%
Cash generated from operations (£m)	241.0	268.5	(10)%
Diluted EPS (p)	94.1	100.9	(7)%

Financial highlights

- Revenue of £788.9m (FY 2022: £825.4m) was down (4)% year-on-year, impacted by a (10)% organic decline and partially offset by favourable foreign exchange (mainly USD) and the contribution of acquisitions.
  - UK revenue declined by (4)% on an organic basis with strong growth in price comparison and greater resilience in digital advertising due to the leadership positions.
  - US revenue declined by (19)% on an organic basis with softness in Media revenue as a result of greater concentration in the consumer technology verticals as well being less advanced on the execution of the strategy in comparison to the UK business.
  - Media revenue declined by (13)% on an organic basis reflecting a challenging advertising market combined with the impact of consumer pressure on our affiliate product business. This was partially offset by a strong performance in our price comparison business (affiliate services).
  - Magazine performance was resilient, down (5)% on an organic basis, supported by a higher proportion of subscriptions.
- Profitability remained resilient, despite inflationary pressures, with adjusted operating profit margin[4] of 32%, only down (1)ppt year-on-year (FY 2022: 33%). This translated into adjusted operating profit decline of (6)% to £256.4m (FY 2022 £271.7m). Statutory operating profit was down (7)% to £174.5m (FY 2022: £188.6m).
- The Group remains highly cash generative with adjusted free cash flow of £253.2m (FY 2022: £267.2m), representing 99% of adjusted operating profit (FY 2022: 98%). Cash generated from operations was £241.0m (FY 2022: £268.5m).
- Capital allocation - three acquisitions completed in the first half for a combined consideration of c.£45m, and a £45m share buyback programme launched with £13.1m completed at the end of September.
- Leverage[10] reduced to 1.25x (FY 2022: 1.48x) resulting in net debt[11] at the end of the year of £327.2m (FY 2022: £423.6m). Total debt facilities at the end of September 2023 were £900m (FY 2022: £660m).

Growth Acceleration Strategy (GAS)

- Launched Growth Acceleration Strategy "GAS", building on strong foundations to ensure Future is well-positioned to capitalise on future opportunities in its attractive and growing markets. Two-year investment programme of £25m-£30m to drive acceleration in a compounding model by:
  - **Growing a highly engaged and valuable audience** - increased focus on brand leadership and content
    - Maintained or improved leadership positions[12] in key strategic verticals, and now have 5 positions in top 3 in the US and/or UK (FY 2022: 3), enabling higher yields through improved revenue per user and resilience.
  - **Diversifying and increasing revenue per user** - adding news routes of monetisation and driving market-leading positions to improve yield
    - Digital revenue per online user[13] up +22% year-on-year at constant currency, reflecting execution of our diversification strategy in Savings and Fashion & Beauty.

        - Price comparison revenue acceleration in H2, with +8% growth at constant currency for the full year and vouchers growth of +5% at constant currency supported by our proprietary technology.
    - **Optimising our portfolio** - segmentation of the brands in three categories to focus investment and continuous review of the portfolio structure to ensure effective capital allocation.

- Delivering on the strategy will translate into mid-single organic revenue growth CAGR 23-26, whilst maintaining healthy adjusted operating margins in the range of 28-30% and strong cash generation.

Board Change

- As detailed in a separate announcement today, after over eight years at the Group, Penny Ladkin-Brand, Chief Financial and Strategy Officer, has informed the Board of her decision to step down from the Board later next year.
- Penny is subject to a twelve-month notice period and the Board has initiated an external search for her successor.

Outlook

- The stabilisation of trends gives us the confidence to return to organic revenue growth in H2 2024, translating into low single-digit revenue growth in FY 2024.
- We have initiated a two-year £25m-£30m investment programme that will translate into adjusted operating margin in the range of 28-30%, with £20m incremental costs in FY2024.
- We are confident that the focused execution of our investment programme will drive accelerating revenue growth of mid-single digit CAGR over the next three years.
- Longer-term, we are confident that our diversified strategy will continue to deliver significant value for shareholders, with our investment in our new content verticals and capabilities underpinning our growth ambitions and with our strong cash generation giving further optionality.

Jon Steinberg, Future's Chief Executive, said:

"Looking back at the prior year, we have delivered a resilient performance amid a challenging market, with a resilient full-year profit performance and strong cash generation, reflecting the diversified nature of our business and the leadership positions we retain across verticals.

Since joining as CEO in April this year, I have worked with the Board and leadership team to review our strategy with the clear aim of ensuring we are optimally positioned for future growth for when the macro backdrop improves.

Our Growth Acceleration Strategy leverages Future's inherent strengths, strong financial characteristics and unique proposition, making active investments in targeted areas where we have clear growth opportunities. We are excited about executing on this strategy which is focused on growing a highly engaged and valuable audience, diversifying and increasing revenue per user, and optimising our portfolio.

We are confident our strategy will continue to deliver significant value for shareholders, with our investment in our leading brands and capabilities underpinning our growth ambitions."

Presentation

A live webcast of the analyst presentation will be available at 09.00 am (UK time) today at https://stream.brrmedia.co.uk/broadcast/656481470db298c3dbf7cb0e

A copy of the presentation will be available on our website at: https://www.futureplc.com/investor-results/

A recording of the webcast will also be made available.

The definitions below apply throughout the document.

1) Constant currency translates the financial statements at fixed exchange rates to eliminate the effect of foreign exchange on the financial performance. Constant FX rates is defined as the average rate for FY 2023.

2) Organic growth is defined as the like for like portfolio in the period, including the impact of closures and new launches but excluding FY 2023 acquisitions and those which have not been acquired for a full financial year, and at constant FX rates. Constant FX rates is defined as the average rate for FY 2023.

3) Adjusted EBITDA represents operating profit before share-based payments (relating to equity-settled awards with vesting periods longer than 12 months) and related social security costs, amortisation, depreciation, transaction and integration related costs and exceptional items. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenue.

4) Adjusted operating profit represents operating profit before share-based payments (relating to equity-settled awards with vesting periods longer than 12 months) and related social security costs, amortisation of acquired intangible assets, transaction and integration related costs and exceptional items. This is a key management incentive metric, used within the Group's Deferred Annual Bonus Plan.

5) Adjusted profit before tax represents profit before tax before share-based payments (relating to equity-settled awards with vesting periods longer than 12 months) and related social security costs, net finance costs, amortisation of acquired intangible assets, transaction and integration related costs, exceptional items, unwinding of discount on contingent consideration and change in fair value of contingent consideration.

6) Adjusted effective tax rate is defined as the effective tax rate adjusted for the tax impact of adjusting items and any other one-off impacts, including adjustments in respect of previous years.

7) Adjusted diluted earnings per share (EPS) represents adjusted profit after tax divided by the weighted average dilutive number of shares at the year end date.

8) Adjusted operating cash flow represents cash generated from operations adjusted to exclude cash flows relating to transaction and integration related costs, exceptional items and payment of accrual for employer's taxes on share-based payments relating to equity settled share awards with vesting periods longer than 12 months, and to include lease repayments following adoption of IFRS 16 Leases.

9) Adjusted free cash flow is defined as adjusted operating cash flow less capital expenditure. Capital expenditure is defined as cash flows relating to the purchase of property, plant and equipment and purchase of computer software and website development.

10) Leverage is defined as Net debt as defined below (excluding capitalised bank arrangement fees and lease liabilities, and including any non-cash ancillaries), as a proportion of Adjusted EBITDA and including the 12 month trailing impact of acquired businesses (in line with the Group's bank covenants definition).

11) Net debt is defined as the aggregate of the Group's cash and cash equivalents and its external bank borrowings net of capitalised bank arrangement fees. It does not include lease liabilities recognised following the adoption of IFRS 16 *Leases*.

12) Comscore Media Metrix Demographic Profile, September 2023 - Mobile and Desktop Age 2+ and Total Mobile 18+ US and UK

13) Online users defined as monthly online users from Google Analytics and, unless otherwise stated, is the monthly average over the financial year and excludes Gardening Know How. Forums are excluded as they are non-commercial websites for which Future does not write content, and are not actively managed or monetised.

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About Future

We are the platform for creating and distributing trusted, specialist content, to build engaged and valuable global communities. We operate c.230 brands in diversified content verticals, with multiple market leading positions and three core monetisation frameworks: advertising, eCommerce affiliate and direct consumer monetisation (subscriptions and newstrade magazine sale). Our content is published and distributed through a range of formats including websites, email newsletters, videos, magazines and live events. The successful execution of our strategy is focused on three pillars: grow engaged audience, diversify and grow revenue per user and optimise the portfolio.

Chief Executive Officer's review

Media has always been, and will always be, one of the most dynamic industries and this year was no different. We have maintained or improved leadership positions within key verticals, both in the UK and US through our continued focus on providing expert content to intent-led audiences.

However, we need to make sure we are always looking forward. We have therefore taken the opportunity to look closely at our strategy and the markets we operate in to ensure that Future remains at the forefront of the industry and is best placed to capitalise on future opportunities.

What is clear is that our track record of innovation, adding new routes to monetisation through organic and inorganic growth, has served us well. The outcome of the strategy review is a focused and refreshed strategy - **Growth Acceleration Strategy** or **GAS**, like the fuel you put in a car. This strategy requires a two-year investment programme that will translate into accelerating organic revenue growth of mid-single digit CAGR over the next three years for the Group. This would translate into high-single digit to low double-digit growth for Media and mid-single digit decline in Magazines. Our financial characteristics of healthy adjusted operating margins (28-30%) and strong cash flow generation would remain.

GAS will build on our strong foundation of innovation and content expertise, but, at the same time, recognises the requirement for a rigorous focus, and greater diversification in the way in which our audiences reach our content.

Since joining, I have been incredibly impressed by the breadth and depth of talent and the diversified nature of the business and as such, I want to build on this strong foundation.

Our strategic objectives
Our strategy is structured around a simple equation: grow engaged users and grow revenue per user and apply this to as many monetisation routes available.

Our **Growth Acceleration Strategy (GAS)** is supported by **five strategic priorities:**

1. Operating model
2. Expert content
3. US digital advertising
4. Social monetisation
5. Organisational health

1. Operating model.

We are dividing the portfolio into three categories and each category will have specific actions and investment levels. This will allow increased focus on return on investment.

Firstly, the ***Hero brands***, which represent about 50% of the Group's revenue and about twelve brands. Hero brands are leading brands operating in attractive verticals with high profitability. These brands will be the priority for investment in terms of content, consumer experience and sales to gain or maintain market share. These brands are where we see the biggest current revenue opportunities.

Secondly, the ***Halo brands***, which represent about 30% of the Group's revenue. Halo brands are in growing underlying markets and have stable profitability. Their important characteristic is that they add scale to the Hero brands, enabling sales activation for larger media buys. Halo brands will indirectly benefit from investment in Hero brands and the group sales team, as media buys that begin with a Hero brand can be expanded for reach and scale to Halo brands. Whilst many of these brands are potential hero brands of the future, they are a secondary priority for investment in the near term.

Finally, ***Cash Generators***, which represent about 20% of the Group's revenue. These brands operate in markets with more limited opportunity and require little investment. Whilst most of these brands will have declining revenue, we maintain a focus on profitability and conversion of profits to cash.

Fuelling the operating model will require £7.0m of additional investment with £5.5m falling into FY 2024.

2. Expert content

Key to our operating model remains great content which drives the audience. We are evolving our approach to content for reviews and news, focused on improving the overall user experience notably through video and improved buying guides. This priority is about ensuring our content is expert, authoritative and trustworthy.

Driving content will require £10.0m of additional investment with £8.0m falling into FY 2024.

3. US digital advertising

The US digital advertising market is seven times the size of the UK market. Yet, as it stands today, our US digital revenue is only twice the size of our UK revenue. The delta is driven by disparity in leadership positions between the UK and US and a more established UK sales team. In the UK our well-established team is able to drive a higher value mix of advertising revenue through a greater share of direct sales, premium programmatic advertising and branded content. We are putting in place the actions to replicate the UK expertise in the US which will translate into £6.5m of additional investment with £3.5m falling into FY 2024. The resilience of our UK business highlights the strength of what we have built and gives us the confidence that we can replicate this successful playbook in the US and to reach relative parity in each geographic region.

4. Social monetisation

Our brands reach 217m users on social platforms. We aim to generate greater revenues from these audiences through branded content and evolving our eCommerce proposition. Branded content is a format of content that can be sponsored by a brand, it can be created in collaboration with a brand or with full editorial independence. Unlike traditional digital advertising, branded content is less dependent on audience volumes. Who What Wear, the brand we acquired in June 2022, is the lighthouse for this type of advertising product. Over 50% of Who What Wear's revenue comes from branded content compared to 28% for the Group's digital advertising revenue - highlighting the opportunity we have. This investment in social monetisation will be supported by sales and content investment but additionally requires £2.5m of which £1.5m falls into FY 2024.

5. Organisational health

The final strategic priority is about ensuring we have an engaged workforce that has the process and tools to perform to the best of their abilities. After launching a new HR system this year, we are working on the roll-out of a new sales system that will better track sales pipelines and salesperson productivity to ensure our investment is paying back.

We continue to invest in our people and systems to ensure we are building a world-class organisation that can drive our acceleration of revenue growth. This will require £2.0m of additional investment with £1.5m falling into FY 2024.

Execution underpinned by values

We operate as a purpose-driven organisation creating value for all stakeholders. We aim to operate as a responsible business and everything we do is underpinned by our purpose and values which fosters an aligned culture across the organisation. We are extremely fortunate that our brands give us the platform and opportunities to influence and inspire people across the globe to encourage positive change.

I've been incredibly impressed by the depth of talent and energy throughout Future, and I want to personally thank our colleagues for their hard work.

Outlook

- The stabilisation of trends gives us the confidence to return to organic revenue growth in H2 2024, translating into low single-digit revenue growth in FY 2024.
- We have initiated a two-year £25m-£30m investment programme that will translate into adjusted operating margin in the range of 28-30%, with £20m incremental costs in FY 2024.
- We are confident that the focused execution of our investment programme will drive accelerating revenue growth of mid-single digit CAGR over the next three years.
- Longer-term, we are confident that our diversified strategy will continue to deliver significant value for shareholders, with our investment in our new content verticals and capabilities underpinning our growth ambitions and with our strong cash generation giving further optionality.

Financial summary

The financial summary is based primarily on a comparison of results for the year ended 30 September 2023 with those for the year ended 30 September 2022. Unless otherwise stated, change percentages relate to a comparison of these two periods.

	FY 2023 £m	FY 2022 £m
Revenue	**788.9**	825.4
Adjusted EBITDA	**276.8**	293.8
Adjusted operating profit	**256.4**	271.7
Adjusted profit before tax[5]	**221.3**	253.1
Operating profit	**174.5**	188.6
Profit before tax	**138.1**	170.0
Basic earnings per share (p)	**94.7**	101.4
Diluted earnings per share (p)	**94.1**	100.9
Adjusted basic earnings per share (p)	**141.8**	164.4
Adjusted diluted earnings per share (p)	**140.9**	163.5

The Directors believe that adjusted results provide additional useful information on the core operational performance of the Group, and review the results of the Group on an adjusted basis internally. See the section below for a reconciliation between adjusted and statutory results.

A reconciliation of adjusted EBITDA and adjusted operating profit to operating profit and profit before tax is shown below:

	FY 2023 £m	FY 2022 £m
Adjusted EBITDA	**276.8**	293.8
Depreciation	**(8.8)**	(9.1)
Amortisation of non-acquired intangibles	**(11.6)**	(13.0)
Adjusted operating profit	**256.4**	271.7
Adjusted net finance costs	**(35.1)**	(18.6)
Adjusted profit before tax	**221.3**	253.1
Adjusting items:		
Share-based payments (including social security costs)	**(7.8)**	(6.9)
Transaction and integration related costs	**(7.4)**	(14.5)
Exceptional items	**(7.3)**	(3.4)
Amortisation of acquired intangibles	**(59.4)**	(58.3)
Operating profit	**174.5**	188.6
Net finance costs	**(1.3)**	-
Profit before tax	**138.1**	170.0

Revenue

	FY 2023 £m	FY 2022 £m
Total revenue	**788.9**	825.4
Revenue from FY 2023 and FY 2022 acquisitions which have not been acquired for a full financial year	**(47.1)**	(15.1)
Organic revenue	**741.8**	810.3
Impact of FX at constant rates	**(0.9)**	15.1
Organic revenue at constant currency	**740.9**	825.4

Group revenue was down (4)% in the year to £788.9m (FY 2022: £825.4m), with the benefit of acquisitions and foreign exchange translation offsetting organic decline (decline of (10)% at constant currency and (6)% at actual currency). FY 2022 acquisitions which have not been acquired for a full financial year and FY 2023 acquisitions and FY 2023 disposals contributed a net £47.1m to revenue in the year.

Revenue	**FY 2023 £m**	FY 2022 £m	YoY Var	Organic YoY Var
Advertising & other	***86.9***	*89.8*	*(3)%*	*(7)%*
Affiliates	***193.9***	*194.4*	*flat*	*flat*
Media	**280.8**	284.2	(1)%	(2)%
Magazines	**195.8**	215.3	(9)%	(7)%
Total UK	**476.6**	**499.5**	**(5)%**	**(4)%**
Advertising & other	***159.1***	*172.7*	*(8)%*	*(25)%*
Affiliates	***75.0***	*78.3*	*(4)%*	*(25)%*
Media	**234.1**	251.0	(7)%	(25)%
Magazines	**78.2**	74.9	+4%	flat
Total US	**312.3**	**325.9**	**(4)%**	**(19)%**
Advertising & other	***246.0***	*262.5*	*(6)%*	*(19)%*
Affiliates	***268.9***	*272.7*	*(1)%*	*(8)%*
Media	**514.9**	**535.2**	**(4)%**	**(13)%**
Magazines	**274.0**	**290.2**	**(6)%**	**(5)%**
TOTAL REVENUE	**788.9**	**825.4**	**(4)%**	**(10)%**

UK revenue declined by (5)% or £(22.9)m to £476.6m (FY 2022: £499.5m). Total UK organic revenues was stronger than in the US with a decline of (4)% with (2)% organic revenue decline in Media and (7)% in Magazines. This resilient performance was driven by a more diversified revenue mix combined with more established positions in the market. UK Media organic performance was driven by a resilient (7)% decline in digital advertising and other media, whilst affiliates were flat as a result of strong growth of +8% in price comparison offset by a decline in affiliate products. The relatively stronger UK performance demonstrates how market leadership creates resilience, notably through a higher mix of direct advertising.

US revenue declined by (4)% or £(13.6)m to £312.3m (FY 2022: £325.9m) with the benefit of favourable foreign exchange and the contribution from acquisitions, notably Who What

Wear and ActualTech being more than offset by organic decline. Organic decline of (19)% was driven by an unfavourable mix with a high proportion of digital advertising and affiliate product revenue, two categories impacted by challenging market dynamics. Magazines, which are a small proportion of the US revenue, were flat in the year, helped by +3% organic growth in subscriptions.

Media revenue decreased by £(20.3)m or (4)% and organically by (13)% to £514.9m (FY 2022: £535.2m).

Organic **digital advertising** revenue declined by (19)% despite improved revenue per user due to the impact of lower online audiences. Importantly, the yield has remained very resilient as a result of the quality of our audience, and a favourable mix with more direct advertising. This demonstrates the Group's ability to deliver valuable audiences to advertisers. Organic other digital revenue decreased (2)% organically due to phasing shifts of a big event into FY 2024, the Photography Show.

Organic affiliate revenue decline, improved to (8)% compared to the first half, with the growth in price comparison (+8%) and vouchers (+5%) partially offsetting a decline of (28)% in ecommerce products. This performance highlights the benefit of the strategy of diversification. In Affiliate products, we have been impacted by the wider macroeconomy through lower demand as seen in the lower audience numbers as well as a reduction in the average basket size. The decline was particularly strong in the Consumer Technology vertical, correlating with the performance of hardware manufacturers in this market. In our price comparison business, performance was strong, notably in car and home insurance, benefiting from a high volume of quotes due to high renewal premia.

Media revenues included £48.8m relating to the in-year acquisitions of Shortlist Media, ActualTech and Gardening KnowHow and the prior year acquisitions of Who What Wear and What Culture. ActualTech made a strong start to life within the group contributing £11.0m of revenue within the year and more importantly completing the product set in B2B to enable a full stack advertising solution in our emerging B2B platform. Gardening Know How contributed £2.3m of revenue to the Group in the year and also helped to move the Homes vertical into a leadership position, with our Homes vertical now the third largest network in the US. Gardening Know How is anticipated to go live on Vanilla, Future's website platform during H1 FY24 to provide a stronger platform for audience recovery and unlocking future growth.

Magazine revenue declined by £(16.2)m or (6)% to £274.0m (FY 2022: £290.2m). Magazine organic revenue was down (5)% year-on-year, an improvement on the historic secular decline rate. Subscriptions experienced a (4)% organic decline as customers did not renew pandemic subscriptions which is a strong performance given market trends. Subscriptions now represent 49% of the Magazines revenue, providing a robust source of recurring revenue. The rest of the magazine portfolio was down (6)% organically. This resilience was driven by the strength of our brands which are highly specialist and touch people's passions.

	FY 2023	**FY 2022**	**Reported change**
Consumer B2C	567.7	618.1	(8)%
Price Comparison (Go.Compare)	158.0	146.2	+8%

B2B	63.2	61.1	+3%
Revenue	**788.9**	**825.4**	**(4)%**

Revenue for Consumer B2C was impacted by the challenging digital advertising market, consumer spend on affiliate and decline in magazines. Revenue for our price comparison business grew +8% in the year due to favourable market conditions. Revenue in our B2B business grew +3% in the year thanks to the inclusion of an acquisition, ActualTech partially offset by organic decline of (8%) due to challenging market conditions.

Operating profit

Cost of sales were broadly flat year-on-year with inflation, mostly in magazines with increases to paper and printing costs due to high energy prices as well as the inclusion of acquisitions and their respective costs, offset by a reduction in volumes.

Other costs have decreased despite the inclusion of acquisitions and their respective costs as well as inflationary pressures on salary and wages, driven by cost savings initiatives from the restructuring programme conducted this year for which the costs have been recognised as exceptional items. These cost decreases (translating into a +2ppt impact on the adjusted operating profit margin) relate to offices, staff location and re-prioritisation of investment.

As a result, the Group adjusted operating profit margin has only declined by (1)ppt to 32% (FY 2022: 33%), despite a (1)ppt headwind from revenue mix with a lower revenue decline from the Magazines business in lower gross contribution compared to Media business as well as a (2)ppt headwind from cost inflation on magazine cost of sales and on salaries. This is a testament of the strength of the platform and the cost agility of the Group, even in the challenging macroeconomic environment. As a result, adjusted operating profit decreased by £(15.3)m to £256.4m (FY 2022: £271.7m) with organic profit performance partially offset by contributions from acquisitions and favourable foreign exchange. Statutory operating profit decreased by £(14.1)m to £174.5m (FY 2022: £188.6m) and statutory operating margin decreased by (1)ppt to 22% (FY 2022: 23%) driven by the performance in adjusted operating profit, and includes £8.4m of restructuring costs, of which £2.0m is included in transaction and integration related costs and £6.4m in exceptional items.

Earnings per share

	FY 2023	FY 2022
Basic earnings per share (p)	**94.7**	101.4
Adjusted basic earnings per share (p)	**141.8**	164.4
Diluted earnings per share (p)	**94.1**	100.9
Adjusted diluted basic earnings per share (p)	**140.9**	163.5

Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the period of 119.8m (FY 2022: 120.5m), the decrease reflecting the share buyback programme which commenced in August 2023.

Adjusted earnings per share is based on profit after taxation which is then adjusted to exclude share-based payments (relating to equity-settled share awards with vesting periods longer than twelve months) and associated social security costs, transaction and integration related costs, exceptional items, amortisation of intangible assets arising on acquisitions, unwinding of discount on contingent consideration and change in fair value of contingent consideration and any related tax effects. Adjusted profit after tax was £169.9m (FY 2022: £198.1m).

Transaction and integration related costs

Transaction and integration related costs of £6.5m incurred in the year reflect £5.3m of deal-related fees, £2.0m of restructuring costs related to recent acquisitions net of £0.8m released following settlement of a provision for historic legal claims recognised on the Dennis opening balance sheet, of which £8.9m was paid in the year (FY 2022: £3.6m relating to the Dennis and Who What Wear acquisitions, £1.2m relating to restructuring and other integration related costs). £0.9m relates to acquired properties which are onerous (FY 2022: £9.7m).

Deal-related fees include work related to the Group considering its strategic options regarding its B2B operations. The Group has been supported in its considerations by external advisers with their associated costs.

Exceptional items

Exceptional costs incurred in the period include £6.4m relating to restructuring costs (FY 2022: £2.1m) and £0.9m relating to onerous properties (FY 2022: £1.3m).

Other adjusting items

Amortisation of acquired intangibles of £59.4m (FY 2022: £58.3m) includes incremental amortisation arising from the in-year acquisitions of ActualTech and Gardening Know How.

Share-based payment expenses (relating to equity-settled share awards with vesting periods longer than twelve months), together with associated social security costs increased by £0.9m to £7.8m (FY 2022: £6.9m). The nature of the all-employee Value Creation Plan scheme means that a charge is booked irrespective of the likelihood of achieving the vesting targets.

Net finance costs and refinancing

On 23 November 2022, the Group further extended its committed debt facilities with a five-year, £400m term facility partially guaranteed by UK Export Finance (the 'EDG term facility'). The facility, maturing November 2027, has a twelve-month availability period and amortises from year 3. It was secured at competitive market rates, on substantially similar terms to, and with the same covenants as, the Group's Revolving Credit Facility ('RCF'). On signing, the first £160m was utilised to prepay the Group's previous Term Loan maturing 31 December 2023. In May 2023, the Group exercised the second one-year extension option on its £500m RCF, taking the maturity date out to July 2025.

Net finance costs increased to £36.4m (FY 2022: £18.6m) which includes external interest payable of £29.7m reflecting the utilisation of the Group's debt facilities to fund the ActualTech and Gardening Know How acquisitions, and higher interest rates; £3.7m in respect of the amortisation of arrangement fees relating to the Group's bank facilities; £0.7m unwinding of discount on contingent consideration relating to the ActualTech acquisition; and £0.6m increase in fair value of contingent consideration to the ActualTech acquisition. A further £2.6m of interest was recognised in relation to lease liabilities, offset by £0.2m of interest income on sublet properties.

Leverage at 30 September 2023 was 1.25 times, down from 1.48 times at 30 September 2022, demonstrating the Group's ability to continue to de-lever quickly.

The Group has entered into interest rate swap agreements which swap the interest profile on a notional £300.0m (2022: nil) on the Group's EDG term facility to mitigate the risk of fluctuations in interest rates whereby it receives a variable interest rate based on SONIA and pays a fixed blended rate of 4.19%.

Taxation
The tax charge for the year amounted to £24.7m (FY 2022: £47.8m), comprising a current tax charge of £44.3m (FY 2022: £38.3m) and a deferred tax credit of £19.6m (FY 2022: charge of £9.5m). The current tax charge arises in the UK where the standard rate of corporation tax in FY2023 is 22% and in the US where the Group pays a blended Federal and State tax rate of 28%.

The Group's FY 2023 adjusted effective tax rate[6] was 23.3% (FY 2022: 21.75%). The increase in rate in FY 2023 reflects the increase in the UK rate of corporation tax that took effect on 1 April 2023.

The Group's statutory effective tax rate, inclusive of adjustments in respect of previous years, has reduced to 17.9% (FY 2022: 28.12%). Excluding the adjustments in respect of previous years, the FY 2023 statutory tax rate was 24.9% (FY22: 30.2%). The adjustments in respect of previous years recorded in FY 2023 reflect revisions to prior year estimates where new information became available as the Group completed its actual tax returns, as well as the correction of a number of immaterial items. This decreased the Group's actual FY 2022 corporation tax and deferred tax liabilities against that estimated at the time of the Group accounts. The difference between the statutory tax rate of 24.9% and the adjusted effective tax rate of 23.3% is attributable to the tax effect of the movements on the Group's share-based payments and other non-deductible costs.

The Group's net deferred tax liability decreased by £23.0m to £107.2m (FY 2022: £130.2m) mainly as a result of the amortisation of acquired intangibles reducing deferred tax liabilities and the increase of deferred tax assets for other temporary timing differences.

Dividend
The Board is recommending a final dividend of 3.4p per share for the year ended 30 September 2023, payable on 13 February 2024 to all shareholders on the register at close of business on 19 January 2024.

Balance sheet
Property, plant and equipment decreased by £18.6m to £34.4m in the period (FY 2022: £53.0m) primarily reflecting the write-down of right-of-use assets and leasehold improvements on onerous properties of £10.7m, primarily attributable to property leases inherited via the acquisition of Dennis (included within transaction and integration related costs) and depreciation of £8.8m, offset by capital expenditure of £2.0m.

Intangible assets decreased by £76.4m to £1,639.4m (FY 2022: £1,715.8m) driven by amortisation (£71.0m) and an FX headwind of £63.8m. This was partially offset by the in-year acquisitions of ActualTech and Gardening Know How (£49.1m) and capitalisation of website development costs (£9.3m).

Trade and other receivables decreased by £10.7m to £123.5m (FY 2022: £134.3m) primarily due to a £5m reduction in current trading net of the returns provision and a £10m improvement in cash collection during the period

Trade and other payables decreased by £15.4m to £128.4m (FY 2022: £143.8m) primarily driven by the payment of the FY 2022 profit pool bonus in the period, a focus on timely payments as well as the impact of FX. Provisions decreased by £14.2m, primarily due to payment of £8.9m for settlement of the provision for historic legal claims recognised on the Dennis opening balance sheet.

Cash flow and net debt

Net debt at 30 September 2023 was £327.2m (FY 2022: £423.6m) after reflecting the ActualTech and Gardening Know How acquisitions and share buyback programme which commenced in August 2023.

The increase in cash is due to the build-up of £22m to finance the share buyback programme.

During the year, there was a cash inflow from operations of £241.0m (FY 2022: £268.5m, HY 2022: £138.1m) reflecting strong cash generation. Adjusted operating cash inflow was £265.4m (FY 2022: £278.8m). A reconciliation of cash generated from operations to adjusted free cash flow is included below:

	FY 2023 £m	FY 2022 £m
Cash generated from operations	**241.0**	268.5
Cash flows related to transaction and integration related costs	**15.6**	7.1
Cash flows related to exceptional items	**13.4**	6.6
Settlement of social security costs on share based payments[1]	**0.5**	2.0
Lease payments following adoption of IFRS 16 *Leases*	**(6.0)**	(5.4)
Adjusted operating cash inflow	**264.5**	278.8
Cash flows related to capital expenditure	**(11.3)**	(11.6)
Adjusted free cash flow	**253.2**	267.2

[1] Relating to equity-settled share awards with vesting periods longer than twelve months.

Other significant movements in cash flows include acquisitions totalling £47.5m (FY 2022: £113.1m), net repayment of bank loans and overdraft (net of arrangement fees) of £52.3m (FY 2022: £372.3m), acquisition of own shares of £24.5m (FY 2022: £7.9m), lease payments of £6.0m (FY 2022: £5.4m) and the balance reflecting the Group's strong cash generation. The Group paid a dividend in the period of £4.1m (FY 2022: £3.4m). Foreign exchange and other movements accounted for the balance of cash flows.

Adjusted free cash flow decreased to £253.2m (FY 2022: £267.2m), representing 99% of adjusted operating profit (FY 2022: 98%), reflecting the ongoing efficient cash management by the Group.

Going concern

The Group has produced forecasts which have been modelled for different plausible downside scenarios using the Group's existing £500m RCF which runs to July 2026 and the £400m UKEF facility which amortises over the next five years, with a final bullet payment on expiry in November 2027. These scenarios confirm that even in the most severe but plausible downside scenarios, the Group is able to generate profits and positive cash flows.

At the year end the Group had net current liabilities of £7.4m (FY 2022: £115.3m). This is primarily driven by deferred income of £58.5m relating to subscriptions and the nature of the Group's magazine business where the profile of cash receipts from wholesalers is often ahead of the payment of certain magazine related costs. The Group has consistently delivered adjusted free cash flow conversion of around 100% and is forecast to generate sufficient cash flows to meet its liabilities as they fall due. The reduction in net current liabilities since 30 September 2022 is primarily due to the repayment of the term loan, with the existing UKEF and RCF facilities all classed as non-current.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the FY 2023 results.

Consolidated income statement
for the year ended 30 September 2023

	Note	2023 £m	2022 £m
Revenue	1,2	**788.9**	825.4
Net operating expenses	3	**(614.4)**	(636.8)
Operating profit		**174.5**	188.6
Finance income	6	**0.9**	0.1
Finance costs	6	**(37.3)**	(18.7)
Net finance costs		**(36.4)**	(18.6)
Profit before tax		**138.1**	170.0
Tax charge	7	**(24.7)**	(47.8)
Profit for the year attributable to owners of the parent		**113.4**	122.2

Earnings per Ordinary share

	Note	2023 pence	2022 pence
Basic earnings per share	9	**94.7**	101.4
Diluted earnings per share	9	**94.1**	100.9

Consolidated statement of comprehensive income
for the year ended 30 September 2023

	2023 £m	2022 £m
Profit for the year	**113.4**	122.2
Items that may be reclassified to the consolidated income statement		
Currency translation differences	**(42.9)**	80.8
Gain on cash flow hedge (net of tax)	**4.4**	-
Other comprehensive (expense)/income for the year	**(38.5)**	80.8
Total comprehensive income for the year attributable to owners of the parent	**74.9**	203.0

Consolidated statement of changes in equity

for the year ended 30 September 2023

	Note	Issued share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Treasury reserve £m	Cash flow hedge reserve £m	Accumulated exchange differences £m	Retained earnings £m	Total equity £m
Balance at 30 September 2021		18.1	197.0	-	581.9	(7.6)	-	(10.1)	83.0	862.3
Profit for the year		-	-	-	-	-	-	-	122.2	122.2
Currency translation differences (net of tax)		-	-	-	-	-	-	80.8	-	80.8
Other comprehensive expense for the year		-	-	-	-	-	-	80.8	-	80.8
Total comprehensive income for the year		-	-	-	-	-	-	80.8	122.2	203.0
Acquisition of own shares		-	-	-	-	(7.9)	-	-	-	(7.9)
Share schemes										
- Issue of treasury shares to employees		-	-	-	-	7.5	-	-	(7.5)	-
- Share-based payments		-	-	-	-	-	-	-	11.3	11.3
- Current tax on options		-	-	-	-	-	-	-	3.1	3.1
- Deferred tax on options		-	-	-	-	-	-	-	(7.7)	(7.7)
Dividends paid to shareholders	8	-	-	-	-	-	-	-	(3.4)	(3.4)
Balance at 30 September 2022		18.1	197.0	-	581.9	(8.0)	-	70.7	201.0	1,060.7
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**113.4**	**113.4**
Currency translation differences		**-**	**-**	**-**	**-**	**-**	**-**	**(42.9)**	**-**	**(42.9)**
Gain on cash flow hedge	16	**-**	**-**	**-**	**-**	**-**	**5.9**	**-**	**-**	**5.9**
Deferred tax on cash flow hedge		**-**	**-**	**-**	**-**	**-**	**(1.5)**	**-**	**-**	**(1.5)**
Other comprehensive expense for the year		**-**	**-**	**-**	**-**	**-**	**4.4**	**(42.9)**	**-**	**(38.5)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**4.4**	**(42.9)**	**113.4**	**74.9**
Acquisition of own shares		**(0.3)**	**-**	**0.3**	**-**	**(11.4)**	**-**	**-**	**(13.5)**	**(24.9)**
Share schemes										
- Issue of treasury shares to employees		**-**	**-**	**-**	**-**	**4.1**	**-**	**-**	**(4.1)**	**-**
Share- based payments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.6**	**7.6**
- Current tax on options		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**(0.1)**
- Deferred tax on options		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**
Dividends paid to shareholders	8	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.1)**	**(4.1)**
Balance at 30 September 2023		**17.8**	**197.0**	**0.3**	**581.9**	**(15.3)**	**4.4**	**27.8**	**300.8**	**1,114.7**

Consolidated balance sheet

as at 30 September 2023

	Note	**2023 £m**	2022 £m
Assets			
Non-current assets			
Property, plant and equipment		**34.4**	53.0
Intangible assets - goodwill	10	**1,053.6**	1,069.6
Intangible assets - other	10	**585.8**	646.2
Financial asset - derivative	14	**6.0**	-
Total non-current assets		**1,679.8**	1,768.8
Current assets			
Inventories		**1.3**	1.2
Corporation tax recoverable		**0.3**	13.4
Deferred tax		**12.8**	5.1
Trade and other receivables		**123.5**	134.3
Cash and cash equivalents	11	**60.3**	29.2
Finance lease receivable		**3.3**	6.1
Total current assets		**201.5**	189.3
Total assets		**1,881.3**	1,958.1
Equity and liabilities			
Equity			
Issued share capital	15	**17.8**	18.1
Share premium account	16	**197.0**	197.0
Capital redemption reserve	16	**0.3**	-
Merger reserve	16	**581.9**	581.9
Treasury reserve	16	**(15.3)**	(8.0)
Cash flow hedge reserve	16	**4.4**	-
Accumulated exchange differences	16	**27.8**	70.7
Retained earnings		**300.8**	201.0
Total equity		**1,114.7**	1,060.7
Non-current liabilities			
Financial liabilities - interest-bearing loans and borrowings	12	**387.5**	369.0
Lease liability due in more than one year		**35.5**	55.8
Deferred tax		**115.5**	131.7
Provisions	13	**7.2**	21.4
Deferred income		**11.9**	14.9
Financial liability - derivative	14	**0.1**	-
Total non-current liabilities		**557.7**	592.8
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	12	**-**	83.8
Trade and other payables		**128.4**	143.8
Deferred income		**58.5**	55.8
Corporation tax payable		**-**	1.0
Lease liability due within one year		**9.3**	12.1
Deferred consideration		**-**	4.5
Contingent consideration	14,19	**8.2**	-
Deferred tax		**4.5**	3.6
Total current liabilities		**208.9**	304.6
Total liabilities		**766.6**	897.4
Total equity and liabilities		**1,881.3**	1,958.1

Consolidated cash flow statement

for the year ended 30 September 2023

	2023 £m	2022 £m
Cash flows from operating activities		
Cash generated from operations	**241.0**	268.5
Net interest paid on bank facilities	**(22.3)**	(13.7)
Interest paid on lease liabilities	**(2.3)**	(2.1)
Tax paid	**(33.6)**	(50.1)
Net cash generated from operating activities	**182.8**	202.6
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2.0)**	(2.6)
Purchase of computer software and website development	**(9.3)**	(9.0)
Purchase of subsidiary undertakings, net of cash acquired	**(47.5)**	(113.1)
Settlement of receivable from sellers	**-**	8.0
Net cash used in investing activities	**(58.8)**	(116.7)
Cash flows from financing activities		
Acquisition of own shares	**(24.5)**	(7.9)
Drawdown of bank loans	**375.1**	95.7
Repayment of bank loans	**(416.7)**	(467.1)
(Repayment)/drawdown of overdraft	**(4.2)**	1.0
Bank arrangement fees	**(6.5)**	(1.9)
Repayment of principal element of lease liabilities	**(6.0)**	(5.4)
Dividends paid	**(4.1)**	(3.4)
Net cash used in financing activities	**(86.9)**	(389.0)
Net increase/(decrease) in cash and cash equivalents	**37.1**	(303.1)
Cash and cash equivalents at beginning of year	**29.2**	324.3
Effects of exchange rate changes on cash and cash equivalents	**(6.0)**	8.0
Cash and cash equivalents at end of year	**60.3**	29.2

Notes to the consolidated cash flow statement

for the year ended 30 September 2023

A. Cash generated from operations

The reconciliation of profit for the year to cash generated from operations is set out below:

	2023 £m	2022 £m
Profit for the year	**113.4**	122.2
Adjustments for:		
Depreciation	**8.8**	9.1
Impairment charge on tangible assets	**10.3**	6.6
Gain on exit of leases	**(10.2)**	-
Amortisation of intangible assets	**71.0**	71.3
Share-based payments	**7.6**	11.3
Net finance costs	**36.4**	18.6
Tax charge	**24.7**	47.8
Cash generated from operations before changes in working capital and provisions	**262.0**	286.9
(Decrease)/increase in provisions	**(12.1)**	0.5
(Increase) in inventories	**(0.1)**	(0.2)
Decrease/(increase) in trade and other receivables	**7.6**	(3.8)
(Decrease) in trade and other payables	**(16.4)**	(14.9)
Cash generated from operations	**241.0**	268.5

B. Analysis of net debt

	1 October 2022 £m	**Net cash flows £m**	**On acquisition £m**	**Other non-cash changes £m**	**Exchange movements £m**	**30 September 2023 £m**
Cash and cash equivalents	29.2	33.0	4.1	-	(6.0)	**60.3**
Debt due within one year	(83.8)	83.8	-	-	-	**-**
Debt due after more than one year	(369.0)	(31.6)	-	(3.7)	16.8	**(387.5)**
Net debt	**(423.6)**	**85.2**	**4.1**	**(3.7)**	**10.8**	**(327.2)**

	1 October 2021 £m	Net cash flows £m	On acquisition £m	Other non-cash changes £m	Exchange movements £m	30 September 2022 £m
Cash and cash equivalents	324.3	(316.1)	13.0	-	8.0	29.2
Debt due within one year	(42.5)	(38.3)	(2.4)	(0.6)	-	(83.8)
Debt due after more than one year	(458.1)	410.8	(296.2)	(2.2)	(23.3)	(369.0)
Net debt	(176.3)	56.4	(285.6)	(2.8)	(15.3)	(423.6)

C. Reconciliation of movement in net debt

	2023 £m	2022 £m
Net debt at start of year	**(423.6)**	(176.3)
Increase/(decrease) in cash and cash equivalents	**37.1**	(303.1)
Decrease in borrowings	**52.2**	73.9
Amortisation of loan issue costs	**(3.7)**	(2.8)
Exchange movements	**10.8**	(15.3)
Net debt at end of year	**(327.2)**	(423.6)

ACCOUNTING POLICIES

Compliance statement and basis of preparation

Future plc (the Company) is incorporated and registered in England and Wales and is a public company limited by shares. The financial statements consolidate those of Future plc and its subsidiaries (the Group).

The Consolidated Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK adopted IFRSs. The principal accounting policies have been applied consistently to all years presented, unless otherwise stated below. These financial statements have been prepared under the historical cost convention, except for contingent and deferred consideration and financial instruments, which are measured at fair value.

The going concern basis has been adopted in preparing these financial statements.

Status of this preliminary announcement

The financial information contained in this audited preliminary announcement does not constitute the Company's statutory accounts for the years ended 30 September 2023 or 2022. Statutory accounts for 2022, which were prepared in conformity with the requirements of the Companies Act 2006 and UK adopted IFRSs, have been delivered to the registrar of companies, and those for 2023 will be delivered in due course. Full financial statements for the year ended 30 September 2023 will shortly be posted to shareholders.

New or revised accounting standards and interpretations adopted in the year

The following amendments to existing standards became effective in the year:

- IAS 16 *Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use*;
- IAS 37 *Amendments regarding the costs to include when assessing whether a contract is onerous*;
- IFRS 3 *Amendments updating a reference to the Conceptual Framework*;
- IFRS 9 *Amendments relating to the fees in the '10 per cent' test for derecognition of financial liabilities*; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The Group has entered into interest rate swaps in the year, with the hedge accounting requirements of IFRS 9 *Financial instruments* being applied. The effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset, being the Group’s borrowings, impacts profit or loss.

There has been no material impact from the adoption of new standards, amendments to standards or interpretations which are relevant to the Group.

New accounting standards, amendments and interpretations that are issued but not yet applied by the Group

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 October 2023 and which the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- IAS 1 *Amendments regarding the classification of liabilities*, *Amendments regarding the disclosure of accounting policies, and Amendment regarding the classification of debt with covenants*;
- IFRS 7 *Amendments regarding supplier financial arrangements*;
- IFRS 16 *Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions*;
- IAS 7 *Amendments regarding supplier finance arrangements*;
- IAS 8 *Amendments regarding the definition of accounting estimates*;
- IAS 12 *Amendments regarding deferred tax on leases and decommissioning obligations* and *Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes*;
- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*; and
- IFRS S2 *Climate-related Disclosures*.

The Group does not expect that the standards and amendments issued but not yet effective will have a material impact on results or net assets.

Presentation of non-statutory measures

The Directors believe that adjusted results and adjusted earnings per share provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'adjusted' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

During the year the Group has introduced a new Alternative Performance Measure ('APM'): Transaction and integration related costs. Transactions such as acquisitions are a key part of the Group's strategy and a material amount of these costs are typically incurred, however the timing and scale will vary year on year. Transaction and integration costs will also vary depending on the scale and complexity of corporate transactions and may cross financial years. Splitting these costs out from the broader category of exceptional items is intended to allow a user of the financial statements to assess the impact of these activities on our results. Costs which were included as exceptional in the comparative period have been included within transaction and integration related costs on a consistent basis with the current period.

During the period the Board has started to monitor performance using a new adjusted performance measure, Adjusted EBITDA in line with the Group's strategy of strengthening its position in the US.

Adjustments are made in respect of:

Adjusting item	Explanation
Share-based payments	Share-based payment expenses (relating to equity-settled share awards with vesting periods longer than 12 months), together with associated social security costs, are excluded from the adjusted results of the Group as the Directors believe they result in a level of charge that would distort the user's view of the core trading performance of the Group.
Transaction and integration related costs	Although transactions are a key part of the Group's strategy, the Group adjusts for costs relating to the completion and subsequent integration of acquisitions and other corporate transactions, initiated within 12 months of the completion date, as these costs are not related to the core trading of the Group and not doing so would distort the Group's results, so as to assist the user of the financial statements to understand the results of the core underlying operations of the Group. Details of transaction and integration related costs are shown in note 4.
Exceptional items	The Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its size, is material and/or is not related to the core trading of the Group so as to assist the user of the financial statements to understand the results of the core underlying operations of the Group. Details of exceptional items are shown in note 5.
Amortisation of acquired intangible assets	The amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from non-trading investment activities. As such, they are not considered to be reflective of the core trading performance of the Group. This is consistent with industry peers and how certain external stakeholders monitor the performance of the business.
Amortisation of non acquired intangible assets, depreciation and interest	Adjusted EBITDA excludes the amortisation charge for computer software and website development, as well as amortisation of acquired intangible assets, depreciation and interest.
Unwinding of discount on contingent consideration	The Group excludes the unwinding of the discount on contingent consideration from the Group's adjusted results on the basis that it is non-cash and the balance is driven by the Group's assessment of the relevant discount rate to apply. Excluding this item ensures comparability with prior periods.
Change in the fair value of contingent consideration	The Group excludes the remeasurement of these acquisition-related liabilities from its adjusted results as the impact of remeasurement can vary significantly. During the year the underlying agreement of the contingent consideration in relation to ActualTech was changed, resulting in a change in the fair value (see note 19 for further detail).

The tax related to adjusting items is the tax effect of the items above and adjustments in respect of the prior year, calculated using the standard rate of corporation tax in the relevant jurisdiction.

Reference to 'core or underlying' reflects the trading results of the Group without the impact of amortisation of acquired intangible assets, transaction and integration related costs, exceptional items, share-based payment expenses (relating to equity-settled share awards with vesting periods longer than 12 months), together with associated social security costs, unwinding of discount on contingent consideration and any tax related effects that would otherwise distort the users understanding of the Group's performance.

A summary table of all measures is included below:

APM	Closest equivalent statutory measure	Definition
Adjusted EBITDA	Operating profit	Adjusted EBITDA represents operating profit before share-based payments (relating to equity-settled awards with vesting periods longer than 12 months) and related social security costs, amortisation, depreciation, transaction and integration related costs and exceptional items. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenue. Adjusting items are shown in the table below and defined in the commentary.
Adjusted operating profit	Operating profit	Adjusted operating profit represents operating profit before share-based payments (relating to equity-settled awards with vesting periods longer than 12 months) and related social security costs, amortisation of acquired intangible assets, transaction and integration related costs and exceptional items. This is a key management incentive metric, used within the Group's Deferred Annual Bonus Plan. Adjusted operating profit margin is adjusted operating profit as a percentage of revenue. Adjusting items are shown in the table below and defined in the commentary.
Adjusted profit before tax	Profit before tax	Adjusted profit before tax represents profit before tax before share-based payments (relating to equity-settled awards with vesting periods longer than 12 months) and related social security costs, net finance costs, amortisation of acquired intangible assets, transaction and integration related costs, exceptional items, unwinding of discount on contingent consideration and change in fair value of contingent consideration. Adjusting items are shown in the table below and defined in the commentary.
Adjusted diluted earnings per share	Diluted earnings per share	Adjusted diluted earnings per share (EPS) represents adjusted profit after tax divided by the weighted average dilutive number of shares at the year end date. This is a key management incentive metric, used within the Group's Performance Share Plan. A reconciliation is provided in note 9.
Adjusted effective tax rate	Effective tax rate	Adjusted effective tax rate is defined as the effective tax rate adjusted for the tax impact of adjusting items and any other one-off impacts, including adjustments in respect of previous years. The tax impact of adjusting items is provided in note 7.
Adjusted operating cash flow	Operating cash flow	Adjusted operating cash flow represents cash generated from operations adjusted to exclude cash flows relating to transaction and integration related costs, exceptional items and payment of accrual for employer's taxes on share-based payments relating to equity settled share awards with vesting periods longer than 12 months, and to include lease repayments following adoption of IFRS 16 *Leases*.
Adjusted free cash flow	Free cash flow	Adjusted free cash flow is defined as adjusted operating cash flow less capital expenditure. Capital expenditure is defined as cashflows relating to the purchase of property, plant and equipment and purchase of computer software and website development.

Net debt	The aggregation of cash and debt	Net debt is defined as the aggregate of the Group's cash and cash equivalents and its external bank borrowings net of capitalised bank arrangement fees. It does not include lease liabilities recognised following the adoption of IFRS 16 *Leases*.

A reconciliation of adjusted EBITDA and adjusted operating profit to profit before tax is shown below:

	2023 £m	2022 £m
Adjusted EBITDA	**276.8**	293.8
Depreciation	**(8.8)**	(9.1)
Amortisation of non-acquired intangibles	**(11.6)**	(13.0)
Adjusted operating profit	**256.4**	271.7
Share-based payments (including social security costs)	**(7.8)**	(6.9)
Transaction and integration related costs (note 4)	**(7.4)**	(14.5)
Exceptional items (note 5)	**(7.3)**	(3.4)
Amortisation of acquired intangibles	**(59.4)**	(58.3)
Operating profit	**174.5**	188.6
Net finance costs	**(36.4)**	(18.6)
Profit before tax	**138.1**	170.0

A reconciliation between adjusted and statutory earnings per share measures is shown in note 9.

A reconciliation of cash generated from operations to adjusted free cash flow is shown below:

	2023 £m	2022 £m
Cash generated from operations	**241.0**	268.5
Cash flows related to transaction and integration related costs	**15.6**	7.1
Cash flows related to exceptional items	**13.4**	6.6
Settlement of social security costs on share based payments[1]	**0.5**	2.0
Lease payments	**(6.0)**	(5.4)
Adjusted operating cash inflow	**264.5**	278.8
Cash flows related to capital expenditure	**(11.3)**	(11.6)
Adjusted free cash flow	**253.2**	267.2

[1] Relating to equity-settled share awards with vesting periods longer than 12 months.

Reconciliation between revenue and organic revenue at constant currency:

	2023	2022

	£m	£m
Total revenue	**788.9**	825.4
Revenue from FY 2023 and FY 2022 acquisitions which have not been acquired for a full financial year	**(47.1)**	(13.3)
Organic revenue	**741.8**	812.1
Impact of FX at constant rates	**(0.9)**	15.1
Organic revenue at constant currency	**740.9**	827.2

Notes

1. Segmental reporting

The Group is organised and arranged primarily by reportable segment. The Executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size. The Group also uses a sub-segment split of Media (websites and events) and Magazines for further analysis. The Group considers that the assets within each geographical segment are exposed to the same risks.

(a) Reportable segment
(i) Segment revenue

	Sub-segment		**2023 £m**	Sub-segment		2022 £m
	Media £m	**Magazines £m**	**Total £m**	Media £m	Magazines £m	Total £m
Segment:						
UK	**280.8**	**195.8**	**476.6**	284.2	215.3	499.5
US	**234.1**	**78.2**	**312.3**	251.0	74.9	325.9
Total	**514.9**	**274.0**	**788.9**	535.2	290.2	825.4

Transactions between segments are carried out at arm’s length.

(ii) Segment adjusted operating profit

Adjusted operating profit is used by the Executive Directors to assess the performance of each segment. Operating profit for the Media and Magazines sub-segments is not reported internally, as overheads are not fully allocated on this basis. The table below shows the impact of intra-group adjustments on the adjusted operating profit for the UK and US segments:

			2023 £m			2022 £m
	Adjusted operating profit prior to intra-group adjustments £m	**Intra-group adjustments £m**	**Adjusted operating profit £m**	Adjusted operating profit prior to intra-group adjustments £m	Intra-group adjustments £m	Adjusted operating profit £m
UK	**70.6**	**69.9**	**140.5**	60.5	88.2	148.7
US	**185.8**	**(69.9)**	**115.9**	211.2	(88.2)	123.0
Total	**256.4**	**-**	**256.4**	271.7	-	271.7

Intra-group adjustments relate to the net impact of charges from the UK to the US in respect of management fees (for back office revenue functions such as finance, HR and IT which are largely based in the UK) and licence fees for the use of intellectual property.

A reconciliation of total segment adjusted operating profit to profit before tax is provided as follows:

	2023 £m	2022 £m
Adjusted operating profit	**256.4**	271.7
Share-based payments (including social security costs)	**(7.8)**	(6.9)
Amortisation of acquired intangibles	**(59.4)**	(58.3)
Transaction and integration related costs (note 4)	**(7.4)**	(14.5)
Exceptional items (note 5)	**(7.3)**	(3.4)
Net finance costs	**(36.4)**	(18.6)
Profit before tax	**138.1**	170.0

(b) Business segment

(i) Gross profit by business segment

			Sub-segment		**2023 £m**			Sub-segment		2022 £m
	Media £m	**Magazines £m**	**Other £m**	**Add back distribution expenses £m**	**Total £m**	Media £m	Magazines £m	Other £m	Add back distribution expenses £m	Total £m
Segment:										
UK	**200.0**	**109.3**	**(133.0)**	**27.6**	**203.9**	203.3	127.5	(136.2)	31.1	225.7
US	**205.1**	**55.4**	**(88.5)**	**12.4**	**184.4**	224.0	54.3	(80.8)	11.4	208.9
Total	**405.1**	**164.7**	**(221.5)**	**40.0**	**388.3**	427.3	181.8	(217.0)	42.5	434.6

'Other' relates mainly to sales, marketing and editorial related costs that are not directly attributable to Media or Magazines.

No end-customer, or other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior year. The above analysis excludes the impact of intra-group adjustments.

2. Revenue

The Group applies IFRS 15 *Revenue from contracts with customers*. See note 1 for disaggregation of revenue by sub-segment.

Timing of satisfaction of performance obligations

Revenue is recognised in the income statement when control passes to the customer. If the customer simultaneously receives and consumes the benefits of the contract, revenue is recognised over time. Otherwise, revenue is recognised at a point in time.

The table below disaggregates revenue according to the timing of satisfaction of performance obligations:

			2023 £m			2022 £m
	Over time £m	**Point in time £m**	**Total revenue £m**	Over time £m	Point in time £m	Total revenue £m
Total revenue	**17.4**	**771.5**	**788.9**	16.2	809.2	825.4

3. Net operating expenses

Operating profit is stated after charging:

	2023 Statutory results £m	2022 Statutory results £m
Cost of sales	**(400.6)**	(390.7)
Distribution expenses	**(40.0)**	(42.5)
Share-based payments (including social security costs)	**(7.8)**	(7.4)
Transaction and integration related costs (note 4)	**(7.4)**	(14.5)
Exceptional items (note 5)	**(7.3)**	(3.4)
Depreciation	**(8.8)**	(9.1)
Amortisation	**(71.0)**	(71.3)
Other administration expenses	**(71.5)**	(97.9)
	(614.4)	(636.8)

4. Transaction and integration related costs

	2023 £m	2022 £m
Transaction and integration related costs	**6.5**	4.8
Onerous property costs	**0.9**	9.7
Total charge	**7.4**	14.5

Transaction and integration related costs of £6.5m incurred in the year reflect £5.3m of prospective and executed deal-related fees, £2.0m of restructuring costs related to recent acquisitions net of £0.8m released following settlement of a provision for historic legal claims recognised on the Dennis opening balance sheet, of which £8.9m was paid in the year (FY 2022: £3.6m relating to the Dennis and Who What Wear acquisitions, £1.2m relating to restructuring and other integration related costs).

£0.9m relates to acquired properties which are onerous (FY 2022: £9.7m).

Deal-related fees include work related to the Group considering its strategic options regarding its B2B operations. The Group has been supported in its considerations by external advisers with their associated costs.

Further details in respect of the acquisitions are shown in note 19.

5. Exceptional items

	2023 £m	2022 £m
Restructuring costs	**6.4**	2.1
Onerous property costs	**0.9**	1.3
Total charge	**7.3**	3.4

Exceptional costs incurred in the period include £6.4m relating to restructuring costs (FY 2022: £2.1m) and £0.9m relating to onerous properties (FY 2022: £1.3m).

6. Finance income and costs

	2023 £m	2022 £m
Interest payable on interest-bearing loans and borrowings	**(29.7)**	(13.6)
Amortisation of bank loan arrangement fees	**(3.7)**	(2.8)
Interest payable on lease liabilities	**(2.6)**	(2.3)
Increase in fair value of contingent consideration	**(0.6)**	-
Unwinding of discount on contingent consideration	**(0.7)**	-
Total reported finance costs	**(37.3)**	(18.7)
Interest receivable on interest-bearing loans and borrowings	**0.7**	-
Interest receivable on lease liabilities	**0.2**	0.1
Total reported finance income	**0.9**	0.1
Net finance costs	**(36.4)**	(18.6)

For further information in respect of the Group's debt facilities and changes during the year see note 12.

7. Tax on profit

The tax charged in the consolidated income statement is analysed below:

	2023 £m	2022 £m
Corporation tax		
Current tax on the profit for the year	**49.5**	43.6
Adjustments in respect of previous years	**(5.2)**	(5.3)
Current tax charge	**44.3**	38.3
Deferred tax origination and reversal of temporary differences		
Current year (credit)/charge	**(15.0)**	7.8
Adjustments in respect of previous years	**(4.6)**	1.7
Deferred tax (credit)/charge	**(19.6)**	9.5
Total tax charge	**24.7**	47.8

The adjustments in respect of previous years relate to estimation revisions identified when preparing the current year tax provision due to new information becoming available when the Group completed its tax returns, as well as the correction of a number of immaterial items.

The tax assessed in each year differs from the standard rate of corporation tax in the UK for the relevant year. The differences are explained below:

	2023 £m	2022 £m
Profit before tax	**138.1**	170.0
Profit before tax at the standard UK tax rate of 22% (2022: 19%)	**30.4**	32.3
Expenses not deductible for tax purposes	**1.5**	1.4
Non-deductible amortisation	**(0.4)**	-
Share-based payments	**0.1**	11.1
Effect of different rates of subsidiaries operating in other jurisdictions	**3.4**	6.6
Effect of change in tax rate	**(0.5)**	-
Adjustments in respect of previous years	**(9.8)**	(3.6)
Total tax charge	**24.7**	47.8

Included below is a reconciliation between the statutory and adjusted tax charge:

	2023 £m	2022 £m
Total statutory tax charge	**24.7**	47.8
Tax effect of adjusting items:		
Exceptional items	**1.9**	1.6
Transaction and integration related costs	**0.3**	0.1
Share based payments	**(0.1)**	(10.9)
Amortisation of acquired intangibles	**14.8**	12.8
Adjustments in respect of previous years	**9.8**	3.6
Total adjusted tax charge	**51.4**	55.0

The Directors have assessed the Group's uncertain tax positions and have recorded a provision of £5.3m (2022: £3.4m). The provision for uncertain tax positions has been recognised under IAS 12, taking into account the guidance published in IFRIC 23.

8. Dividends

Equity dividends	**2023**	2022
Number of shares in issue at end of year (million)	**119.1**	120.9
Dividends paid in year (pence per share)	**3.4**	2.8
Dividends paid in year (£m)	**4.1**	3.4

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which they are approved.

On 6th December the Board proposed a dividend of 3.4p per share, totalling an estimated £3.9m, in respect of the year ended 30 September 2023, which subject to shareholder consent at the AGM, will be paid on 13 February 2024 to shareholders on the register at close of business on 19 January 2024.

A dividend of 3.4p per share totalling £4.1m in respect of the year ended 30 September 2022 was paid on 14 February 2023.

9. Earnings per share

		2023				2022
	Adjusted results pence	**Adjusting items pence**	**Statutory results pence**	Adjusted results pence	Adjusting items pence	Statutory results pence
Basic earnings/(loss) per share	**141.8**	**(47.1)**	**94.7**	164.4	(63.0)	101.4
Diluted earnings/(loss) per share	**140.9**	**(46.8)**	**94.1**	163.5	(62.6)	100.9

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the year. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of awards held under employee share schemes.

Adjusted earnings per share is based on profit after taxation which is then adjusted to exclude share-based payments (relating to equity settled share awards with vesting periods longer than 12 months) and associated social security costs, transaction and integration related costs, exceptional items, amortisation and impairment of intangible assets arising on acquisitions, unwinding of discount and change in fair value of contingent consideration, and any related tax effects. In the prior year, the results were also adjusted for the impact of the UK tax rate change.

	2023	2022
Adjustments to profit after tax:		
Profit after tax (£m)	**113.4**	122.2
Share-based payments (including social security costs) (£m)	**7.8**	6.9
Transaction and integration related costs (£m)	**7.4**	14.5
Exceptional items (£m)	**7.3**	3.4
Amortisation of intangible assets arising on acquisitions (£m)	**59.4**	58.3
Unwinding of discount on contingent consideration (£m)	**0.7**	-
Increase in fair value of contingent consideration (£m)	**0.6**	-
Tax effect of the above adjustments and the impact of tax items relating to prior years (£m)	**(26.7)**	(7.2)
Adjusted profit after tax (£m)	**169.9**	198.1
Weighted average number of shares in issue during the year:		
- Basic	**119,786,409**	120,505,969
- Dilutive effect of share options	**763,756**	652,687
- Diluted	**120,550,165**	121,158,656
Basic earnings per share (in pence)	**94.7**	101.4
Adjusted basic earnings per share (in pence)	**141.8**	164.4
Diluted earnings per share (in pence)	**94.1**	100.9
Adjusted diluted earnings per share (in pence)	**140.9**	163.5
The adjustments to profit after tax have the following effect:		
Basic earnings per share (pence)	**94.7**	101.4
Share-based payments (including social security costs) (pence)	**6.5**	5.7
Transaction and integration related costs	**6.2**	12.1
Exceptional items (pence)	**6.1**	2.8
Amortisation of intangible assets arising on acquisitions (pence)	**49.6**	48.4
Unwinding of discount on contingent consideration (pence)	**0.6**	-
Increase in fair value of contingent consideration (pence)	**0.5**	-
Tax effect of the above adjustments and the impact of tax items relating to prior years (pence)	**(22.4)**	(6.0)
Adjusted basic earnings per share (pence)	**141.8**	164.4
Diluted earnings per share (pence)	**94.1**	100.9
Share-based payments (including social security costs) (pence)	**6.5**	5.7
Transaction and integration related costs	**6.1**	12.0
Exceptional items (pence)	**6.1**	2.8
Amortisation of intangible assets arising on acquisitions (pence)	**49.3**	48.1
Unwinding of discount on contingent consideration (pence)	**0.6**	-
Increase in fair value of contingent consideration (pence)	**0.5**	-
Tax effect of the above adjustments and the impact of tax items relating to prior years (pence)	**(22.3)**	(6.0)
Adjusted diluted earnings per share (pence)	**140.9**	163.5

10. Intangible assets

	Goodwill £m	Publishing rights £m	Brands £m	Customer relationships £m	Subscribers £m	Advertiser relationships £m	Other acquired intangibles £m	Other £m	Total £m
Cost									
At 1 October 2021	951.2	90.4	349.7	54.5	15.2	1.7	40.9	46.0	1,549.6
Additions through business combinations	302.6	-	128.4	-	62.0	19.1	-	1.7	513.8
Other additions	-	-	-	-	-	-	-	9.0	9.0
Exchange adjustments	86.4	0.5	23.5	3.3	9.2	2.1	2.6	2.5	130.1
At 30 September 2022	1,340.2	90.9	501.6	57.8	86.4	22.9	43.5	59.2	2,202.5
Additions through business combinations	**29.2**	**-**	**10.5**	**7.4**	**-**	**-**	**2.0**	**-**	**49.1**
Other additions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9.3**	**9.3**
Exchange adjustments	**(49.1)**	**(0.3)**	**(14.9)**	**(1.7)**	**(4.8)**	**(1.8)**	**(1.5)**	**(1.3)**	**(75.4)**
At 30 September 2023	**1,320.3**	**90.6**	**497.2**	**63.5**	**81.6**	**21.1**	**44.0**	**67.2**	**2,185.5**
Accumulated amortisation and impairment									
At 1 October 2021	(263.0)	(22.0)	(31.4)	(13.6)	(5.7)	(1.6)	(25.5)	(32.1)	(394.9)
Charge for the year	-	(7.5)	(27.4)	(7.8)	(9.4)	(1.0)	(5.2)	(13.0)	(71.3)
Exchange adjustments	(7.6)	(0.4)	(4.3)	(1.3)	(2.0)	(0.4)	(2.4)	(2.1)	(20.5)
At 30 September 2022	(270.6)	(29.9)	(63.1)	(22.7)	(17.1)	(3.0)	(33.1)	(47.2)	(486.7)
Charge for the year	**-**	**(6.4)**	**(28.7)**	**(8.6)**	**(9.7)**	**(1.7)**	**(4.3)**	**(11.6)**	**(71.0)**
Exchange adjustments	**3.9**	**0.2**	**3.0**	**0.7**	**1.2**	**0.2**	**1.2**	**1.2**	**11.6**
At 30 September 2023	**(266.7)**	**(36.1)**	**(88.8)**	**(30.6)**	**(25.6)**	**(4.5)**	**(36.2)**	**(57.6)**	**(546.1)**
Net book value at 30 September 2023	**1,053.6**	**54.5**	**408.4**	**32.9**	**56.0**	**16.6**	**7.8**	**9.6**	**1,639.4**
Net book value at 30 September 2022	1,069.6	61.0	438.5	35.1	69.3	19.9	10.4	12.0	1,715.8
Net book value at 1 October 2021	688.2	68.4	318.3	40.9	9.5	0.1	15.4	13.9	1,154.7
Useful economic lives		5-15 years	3-20 years	8-10 years	7-11 years	9-15 years	3-10 years	2 years	

Acquired intangibles are amortised over their estimated economic lives, typically ranging between three and ten years. The other acquired intangibles category in the table above includes assets relating to customer lists, content and websites.

Any residual amount arising as a result of the purchase consideration being in excess of the value of acquired assets is recorded as goodwill.

Further details regarding the intangible assets acquired during the year through business combinations are set out in note 19.

Other intangibles relate to capitalised software costs and website development costs which are internally generated.

Amortisation is included within administration expenses in the consolidated income statement.

Impairment assessments for goodwill

The net book value of goodwill at 30 September 2023 consists of £603.0m (2022: £603.0m) relating to the UK, £438.9m (2022: £453.6m) relating to the US and £11.7m (2022: £13.0m) relating to Australia.

At 30 September 2023 the Group performed its annual impairment assessment of goodwill and concluded that no impairment of goodwill was required.

11. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statements:

	2023 £m	2022 £m
Cash and cash equivalents	**60.3**	29.2

The increase in cash is due to the build up of £22m as at 30 September 2023 in order to finance the share buyback programme (see notes 15 and 16 for further detail).

12. Financial liabilities – interest-bearing loans and borrowings

Amounts drawn down on the Group's borrowing facilities, net of unamortised issue costs are as follows. All borrowings are floating rate with the applicable rates at 30 September shown below. This excludes the impact of any interest rate swaps.

Non-current liabilities

	Interest rate at 30 September 2023	Interest rate at 30 September 2022	**2023 £m**	2022 £m
Sterling term loan	**-**	3.99%	**-**	80.0
Export development guarantee term facility	**7.04%**	-	**295.2**	-
Sterling revolving loan	**-**	4.32%	**-**	115.5
US dollar revolving loan	**7.43%**	4.98%	**81.8**	161.5
AU dollar revolving loan	**6.06%**	4.68%	**10.5**	12.0
Total			**387.5**	369.0

Current liabilities

	Interest rate at 30 September 2023	Interest rate at 30 September 2022	**2023 £m**	2022 £m
Multi-currency overdraft	**-**	1.00%	**-**	4.2
Sterling term loan	**-**	3.99%	**-**	79.6
Total			**-**	83.8

The interest-bearing liabilities are repayable as follows:

	2023 £m	2022 £m
Within one year	**-**	83.8
Between one and two years	**20.0**	-
Between two and five years	**367.5**	369.0
Total	**387.5**	452.8

On 23 November 2022, the Group further extended its committed debt facilities with a five-year, £400m EDG term facility partially guaranteed by UK Export Finance. The facility, maturing November 2027, has a twelve-month availability period and amortises from year three. It was secured at competitive market rates, on substantially similar terms to, and with the same covenants as, the Group's Revolving Credit Facility ('RCF'). On signing, the first £160m was utilised to prepay the Group's previous Term Loan maturing 31 December 2023.

In May 2023 the Group exercised the second one-year extension option on its £500m RCF, taking the repayment date out to July 2026.

Interest bearing loans are shown net of unamortised issue costs which amounted to £7.7m (2022: £5.0m).

13. Provisions

	Property £m	**Other £m**	**Total £m**
At 1 October 2022	**9.1**	**12.3**	**21.4**
Charged(released) in the year	**0.3**	**(1.0)**	**(0.7)**
Utilised in the year	**(2.7)**	**(8.9)**	**(11.6)**
Foreign exchange movement	**-**	**(1.9)**	**(1.9)**
At 30 September 2023	**6.7**	**0.5**	**7.2**

The provision for property relates to dilapidations and obligations under short leasehold agreements on vacant property. The majority of the vacant property provision is expected to be utilised over the next three years. The reduction in other provisions is primarily due to payment of £8.9m for settlement of the provision for historic legal claims recognised on the Dennis opening balance sheet.

14. Financial instruments

The Group applies IFRS 9 *Financial Instruments*. For the Group's financial assets and liabilities, the following table shows the measurement categories under IFRS 9:

Financial asset	**IFRS 9 classification**
Cash and cash equivalents	Amortised cost
Trade and other receivables	Amortised cost
Interest bearing loans and borrowings	Amortised cost
Lease liabilities	Amortised cost
Contingent consideration	Fair value through profit or loss
Derivative - interest rate swap	Fair value through profit or loss

There has not been a significant impact on the carrying amounts of assets held.

Financial asset - derivative

The Group has exposure to changes in cash flows due to changes in interest rates. To manage this risk, during the year the Group entered into floating-to-fixed interest rate swaps to hedge a proportion of its floating rate exposure to fixed rates. The swaps have similar critical terms to the floating leg of swaps that form part of the fair value hedges, such as the reference rate, reset dates, notional amounts, payment dates and maturities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset of liability, if the maturity of the hedged item is less than twelve months.

There was no ineffectiveness to be recorded from the use of interest rate swaps. The Group did not enter into any netting arrangements.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2023:

Financial asset	Level 2 Fair value £m	Level 3 Fair value £m
Assets		
Financial asset - derivative	6.0	-
Liabilities		
Financial liability - derivative	(0.1)	-
Contingent consideration	-	(8.2)

All other financial assets and liabilities are classed as level 1.

Contingent consideration

At 30 September 2023 contingent consideration of £8.2m ($10.0m) related to the acquisition of ActualTech, LLC ("ActualTech") (see note 19 for further details). During the year the terms of the earn-out agreement were updated. This resulted in a fair value expense of £0.6m in the year (after discounting of £0.7m) being recognised in the income statement.

The contingent consideration for ActualTech has been valued using a scenario-based approach drawing from internal EBITDA projections and weighting them according to the perceived probability of being achieved. The outcome is then discounted to reflect the market risk related to the earn-out and underlying achievement of the EBITDA targets.

The discount rate was determined using a Capital Asset Pricing Model (CAPM) approach.

The main level 3 inputs used in valuing the contingent consideration were a discount rate of 13% and EBITDA.

A 10% change in the discount rate, which is considered to be a reasonably possible alternative assumption, would give rise to less than £0.1m impact on the quantum of the liability recognised.

The table below sets out the sensitivity of level 3 inputs to a 10% change in the assumptions, which is considered to be a reasonably possible alternative assumption:

Assumption	**Increase/(decrease)**	**Increase/(decrease) in liability (£m)**
Discount rate	+10%	-
Discount rate	(10)%	-
EBITDA	+10%	1.5
EBITDA	(10)%	(0.2)

15. Issued share capital

	2023		2022	
	Number of shares	**£m**	Number of shares	£m
Allotted, authorised, issued and fully paid Ordinary shares of 15p each				
At 1 October	**120,855,930**	**18.1**	120,624,634	18.1
Share scheme exercises	**-**	**-**	229,113	-
Share buyback	**(1,784,349)**	**(0.3)**	-	-
Share Incentive Plan matching shares	**5,554**	**-**	2,183	-
At 30 September	**119,077,135**	**17.8**	120,855,930	18.1

During the year, 5,554 Ordinary shares were issued under the Share Incentive Plan for a combined total cash commitment of £nil (2022: 2,183 ordinary shares, total cash commitment of £nil).

Given the retained cash in the business, on 4 August 2023 the Group commenced a share buyback programme, resulting in a reduction in share capital of 1.8m shares in the year, at a nominal value of £0.3m and a total cost of £13.1m.

16. Reserves

Share premium account

Share premium represents the excess of proceeds received over the nominal value of new shares issued.

Treasury reserve

The treasury reserve represents the cost of shares in Future plc purchased in the market and held by the Employee Benefit Trust (‘EBT’) to satisfy awards made by the trustees.

During the year the Company purchased 1,125,000 of its own shares to fund the future vesting of share options, at a total value of £11.4m and 259,918 shares held by the EBT were used to satisfy the vesting of share options at a total value of £4.1m (2022: 522,795 shares were purchased, at a total value of £7.9m).

Capital redemption reserve

A capital redemption reserve of £0.3m was created during the year, being the nominal value of shares purchased and cancelled as part of the share buyback programme (see note 15 for further detail).

Merger reserve
During the current year there was no movement on the merger reserve.

Accumulated exchange differences
The reserve for accumulated exchange differences comprises the revaluation of the Group's foreign currency entities, principally the US and Australia, on consolidation.

Cash flow hedge reserve
During the year the Group entered into interest rate swaps, in order to hedge against fluctuations in interest rates. The cash flow hedge reserve represents the cumulative amount of gains and losses on the interest rate swap deemed effective.

17. Contingent liabilities

There were no material contingent liabilities as at 30 September 2023 or 30 September 2022.

18. Related party transactions

The Group had no material transactions with related parties in 2023 or 2022 which might reasonably be expected to influence decisions made by users of these financial statements.

19. Acquisitions

Acquisition of Shortlist

On 18 October 2022, Future completed the acquisition of ShortList Media Limited (trading as Shortlist.com), a technology website, for consideration of £0.2m.

Acquisition of ActualTech LLC

On 30 November 2022 the Group acquired ActualTech LLC ("ActualTech"), a provider of content marketing solutions for B2B marketers, for initial cash consideration of £32.2m (inclusive of £3.3m cash acquired, representing an Enterprise Value of $36m). On acquisition a further variable deferred consideration up to a total value of $24 million could be paid, subject to meeting certain financial targets based on the twelve-month period ending 31 December 2023. The table below includes £6.9m ($8.3m) as contingent consideration, which represents its fair value at the date of acquisition. At the reporting date, the fair value of the contingent consideration had increased to £8.2m ($10.0m) due to discounting and an increase in its fair value at 30 September 2023 as a result of a change to the terms of the earn-out agreement, which increased the maximum earn out payable to $25 million. 100% of the voting equity interest was acquired.

The impact of the acquisition on the consolidated balance sheet was:

	Fair value £m
Intangible assets	
- Brand	3.4
- Customer relationships	7.4
- Database	0.3
- Software	0.5
Cash and cash equivalents	3.3
Trade and other receivables	1.4
Trade and other payables	(0.6)
Net assets acquired	15.7
Goodwill	23.4
	39.1
Consideration:	
Cash	32.2
Contingent consideration	6.9
Total consideration	**39.1**

ActualTech specialises in webinars, white papers, syndication and content marketing on owned platforms. The acquisition further diversifies the Group by strengthening its position in the B2B vertical and provides greater scale and reach in North America to further monetise its highly-valuable B2B audience. In addition, the Group will be leveraging ActualTech's webinar capabilities and its US expertise within the Group's existing portfolio.

Goodwill is attributable to the opportunities associated with future returns from new customer relationships. The intangibles recognised, including goodwill, are expected to be deductible for tax purposes.

Included within the Group's results for the period are revenues of £11.0m and a profit before tax of £4.5m from ActualTech (excluding acquired intangible amortisation).

If the acquisition had been completed on the first day of the financial year, it would have contributed £13.1m of revenue and a profit before tax of £5.3m (excluding acquired intangible amortisation) during the period.

Gross trade receivables were £1.4m on acquisition, of which £1.4m were expected to be recovered.

Acquisition of Gardening Know How

On 7 February 2023, the Group acquired Gardening Know How, a specialist interest site for gardening based in the US, for total consideration of £14.8m (inclusive of £0.8m cash acquired, representing an Enterprise Value of $17m). The Gardening Know How acquisition brings additional expertise to the Group, strengthening the Group's strategic Homes vertical. 100% of the voting equity interest was acquired.

The impact of the acquisition on the consolidated balance sheet was:

	Fair value £m
Intangible assets	
- Brand	7.1
- Content	1.2
Cash and cash equivalents	0.8
Trade and other receivables	0.3
Trade and other payables	(0.1)
Net assets acquired	9.3
Goodwill	5.5
	14.8
Consideration:	
Cash	14.8
Total consideration	**14.8**

Goodwill is attributable to future premium advertising relationships and new evergreen content. The intangibles recognised, including goodwill, are expected to be deductible for tax purposes.

Included within the Group's results for the period are revenues of £2.3m. Gardening Know How has been integrated into the Future business, including use of the Group's shared back office functions, therefore individual profits for the business cannot be separately identified. The website is expected to be migrated to our tech platform in H1 2024. The migration will drive better monetisation of the website and will help recover a challenging FY 2023 performance. The FY 2023 performance was driven by lower online users.

Gross trade receivables were £0.3m on acquisition, of which £0.3m were expected to be recovered.

Disposal of titles

On 28 April the Group disposed of The Shooting Times & Country, Sporting Gun, www.shootinguk.co.uk and The Shooting Show for total consideration of £0.2m, of which £0.1m is deferred for twelve months, resulting in a gain on disposal of £0.1m.