

NEWSQUEST MEDIA GROUP LIMITED

**Annual Report and Financial Statements
for the year ended 31 December 2022**

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NEWSQUEST MEDIA GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

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Country of incorporation:

A company incorporated in Great Britain and registered in England and Wales.

Registered address:

1st Floor, Chartist Tower, Upper Dock Street, Newport, Wales, NP20 1DW

NEWSQUEST MEDIA GROUP LIMITED

STRATEGIC REPORT

The directors present their reports and the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE PROSPECTS

Newsquest Media Group Limited (“the company”) operates within the publishing, printing and digital marketing industry. The company is one of the largest regional news publishers in the UK with a portfolio of 113 daily and weekly news brands as well as more than 24 magazines.

These financial statements are not consolidated accounts and therefore do not consolidate the results of all the operations in the UK of the Newsquest group of companies. The performance of the business demonstrated considerable resilience in 2022 when it faced the challenges of escalating energy and newsprint prices, wage inflation and UK economic growth came to a standstill. Prices for energy and newsprint increased far above the average rates of inflation in the UK. A clear strategy delivered by a committed and professional staff along with the diversity of our revenue streams has achieved these results.

Over 20% of the year’s operating profit was used to pay £5m of pension contributions towards funding the company’s legacy pension obligations (which is the company’s main financial liability).

On 1 January 2022 the trade, assets and liabilities of a subsidiary entity, Newsquest Specialist Media Limited, were transferred to the company at book value.

On 22 February 2022 a surplus property was sold for sale proceeds of £925,000, resulting in a profit on disposal of £746,000.

On 18 March 2022 the company completed the acquisition of Newsquest Community Media Limited (formerly Archant Community Media Limited). Newsquest Community Media Limited owns a portfolio of local news brands principally in East Anglia and also publishes a portfolio of regional lifestyle magazines. Its news brands include the Eastern Daily Press, the East Anglia Daily Times, Norwich Evening News, and Ipswich Star. The Archant business was in a fragile position when we took over but by applying the Newsquest approach and our local publishing model, we have been able to transform this enterprise to a much more stable and sustainable position benefitting both its quality local journalism and its advertising customers.

Trading and prospects

We deliver high-quality, trusted content with a commitment to balanced, unbiased journalism, where and when consumers want to engage with it on virtually any device or platform. Additionally, we have strong relationships with thousands of local and national businesses in U.K. markets due to our on the ground sales teams and a robust advertising and digital marketing solutions product suite.

The essential role that our local news brands play in communities up and down the country continues. Audiences to our websites keep rising – now over 50 million visitors a month as local people continue to seek out trusted and reliable news sources to keep them properly informed; and as always, our local journalists get to the heart of the story – celebrating local heroes, calling out wrong-doing and championing and galvanising communities behind important causes.

The success of the business is the result of the hard work of our teams to deliver a dedicated and committed service to our local communities and businesses combined with efficiencies and restructuring to drive down costs.

Despite the economic headwinds from high inflation and volatility in economic confidence the group remains very positive about the opportunities in 2023 given the resilience of the business and skills of its teams to build the necessary audience growth and deliver the value sought by our advertisers.

Our advertising teams employ a multi-platform approach to advertising sales under the LOCALiQ brand, which can be specifically tailored to the individual needs of advertisers from small, locally-owned businesses to large, complex groups. Our experience has been that local and national advertisers without dedicated resource find it challenging to manage the complexity of their media budgets, particularly on the digital side, and are seeking to reach a shifting audience while also desiring to influence attitudes and experience at each stage of the purchase path. Our sales force, trusted expertise, and broad portfolio of print and digital advertising and marketing products position us well to solve these challenges. Through our media planning process, we present advertisers with targeted and highly responsive solutions that help them reach this shifting audience.

Newsquest has had particular success in transitioning its advertising business to digital with almost half of our advertising revenue coming from digital. Similarly, we continue to make good progress with our digital subscriptions strategy, launched only three years ago, and we now have over 65,000 paying subscribers to our digital content – this is in spite of the ongoing encroachment of the BBC which is now deploying even more of its licence fee to compete with and duplicate the output of commercial news publishers such as ourselves.

NEWSQUEST MEDIA GROUP LIMITED**STRATEGIC REPORT (CONTINUED)****Trading and prospects (continued)**

It is hoped that the coming year will see the UK Government bring in legislation that might start to address the huge imbalance in the online marketplace which sees the dominant tech platforms free ride the content of quality news publishers and share crumbs from their table in return. Google's monopoly of the online advertising market will continue to undermine sustainable journalism until this is properly addressed by legislators.

Key performance indicators

The company's key financial and other performance indicators for total activities, including continuing and acquisitions, during the financial period were as follows:

	2022	2021	
	£'000	£'000	Change
Turnover	150,623	141,964	6.1%
Adjusted EBITDA**	30,429	35,689	(14.7%)
Adjusted EBITDA margin**	20.2%	25.1%	(4.9)

** Earnings before interest, tax, depreciation on tangible fixed assets and right of use assets, restructuring costs, write-down of investments, net credit on disposal of long leasehold property and share based payment charges (see note 3 (b)).

This does not include the EBITDA of unconsolidated subsidiaries.

Revenue, including the Newsquest Specialist Media business transferred on 1 January 2022, grew by 6.1%. However, substantial inflationary pressures in 2022 have significantly increased costs, particularly newsprint and energy, resulting in the 14.7% reduction in overall profitability of the business and a 4.9-point decrease in the adjusted EBITDA margin.

PRINCIPAL RISKS AND UNCERTAINTIES**Consistent and sustainable revenue generation**

The company along with its trading subsidiaries operate in a competitive and dynamic environment where maintaining and developing the interest of local audiences is critical to its commercial success in attracting advertisers and readers. Competing news platforms and alternative media impact the company's ability to grow revenues.

The company manages this competitive risk by continually seeking to ensure its products meet the needs of the communities it serves and investing in digital services.

Pension funding

The company, as the principal employer of the Newsquest Pension Scheme (the Scheme), is ultimately responsible for meeting any deficit in the pension scheme. On 31 March 2011 the Scheme closed the future accrual of pension benefits. Since 1 July 2018 annual increases in pension benefits have been with reference to CPI in all sections of the Newsquest Pension Scheme.

The last triennial funding valuation assessing the position of the Scheme as at 31 March 2021 showed a technical provisions deficit of approximately £50m. On 27 June 2022 the company and the Scheme Trustee agreed a schedule of contributions to 30 June 2027. The remaining deficit contributions are a one-off contribution of £5m in January 2024 and a contingent £5m contribution in January 2025. The contingent contribution is subject to the funding position of the Scheme as at 31 March 2024. The scheme is currently fully funded on its technical provisions.

CORPORATE GOVERNANCE – S172 STATEMENT

The company has noted the Wates Corporate Governance Principles for large private companies and s172 of the Companies Act 2006, and in response to these has prepared the following statement to take the reader through the key principles of the business and make comment on the actions taken around these.

Purpose and Leadership

Newsquest was formed in 1996 as a management buy-out of Reed Regional Newspapers and was acquired by the Gannett Co., Inc in 1999.

We aim to provide accurate reports of news, information and local life in the communities we serve, and to reflect the views of the community. Newsquest Editors have complete editorial independence and are free to edit as they see fit and do so in the interests of the individual communities they represent. Newsquest management does not interfere in editorial content decisions. Newsquest's editorial policy gives its editors the freedom to publish what they think is appropriate for their local community, thus maintaining plurality and diversity of local voices.

As a community focussed business our leadership model is a devolved one on a day-to-day basis, applied by regional business leaders, and supported by specialists and centralised support functions. Policy, goal setting, co-ordination and operating standards are the responsibility of the Chief Executive and Finance Director.

The Board's Approach

The board of our parent company Gannett Co., Inc. exercises governance over the entire group including Newsquest.

NEWSQUEST MEDIA GROUP LIMITED**STRATEGIC REPORT (CONTINUED)****CORPORATE GOVERNANCE – S172 STATEMENT (CONTINUED)****The Board's Approach (continued)**

Newsquest's Board consists of four Directors, two of whom are representatives of the parent company Gannett being Gannett's CEO and CFO, alongside Newsquest's Chief Executive and Finance Director. The Board formally meet quarterly to review trading and forecasts and to discuss and define the business strategy. In between Board meetings a regular dialogue of updating on business developments takes place.

Regional business leaders meet collectively with the Chief Executive and Finance Director typically six times a year to discuss business development. Regional managing directors develop and review business plans with their management teams. The Chief Executive leads at least monthly senior management meetings to communicate the progress of the business operations.

Typically, the company holds an annual strategy day, attended by regional commercial leaders and central management. Business plans and ideas are discussed at this event, and the Board use it to set out more detail and context to the group's plans to a wider management group.

The Chief Executive and Finance Director receive regular and timely information on all key aspects of the business from the regional managing directors and the central group heads. This information includes, but is not limited to, risks and opportunities, environmental matters, health and safety, market conditions, significant developments, financial information and KPIs. Further oversight on the finance function is provided by Gannett's internal audit function.

Sustainability and the Environment

The company is conscious of the importance of good environmental practices and aims to achieve on-going improvement in environmental performance and to comply with all relevant regulations. Actions to improve sustainability are principally focussed on reducing energy consumption and waste. Further details are provided in the Streamlined Energy and Carbon Reporting (SECR) section in the Directors' report.

Key decisions made in the year

This year's budget was approved by the Board following a comprehensive review of our strategic priorities and risks to our business.

Throughout 2022 management have continued to review the requirements for physical office spaces and has further reduced the company's property portfolio over the year, realising sale proceeds of £925,000.

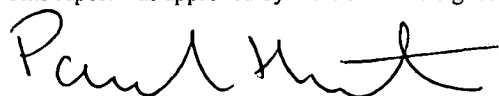
Capital allocation and dividend policy

Historically the majority of the company's cash flow has been prioritised to funding legacy pension commitments. Dividends are paid after taking account of likely future cash needs. The relationship of dividends and pension contributions paid over the last seven years is as follows:

	Pension contributions	Dividends
2022	£5,048,000	£17,000,000
2021	£14,630,000	£15,150,000
2020	£20,107,000	£nil
2019	£24,023,000	£5,000,000
2018	£28,125,000	£18,107,260
2017	£15,000,000	£nil
2016	<u>£36,600,000</u>	<u>£nil</u>
Total	£143,533,000	£55,257,260

There have been no other significant capital allocations in the year, and no significant capital projects have been undertaken.

This report was approved by the Board and signed on its behalf on 28 July 2023.



P Hunter
Director

NEWSQUEST MEDIA GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2022.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation amounted to £24,355,000 (2021 - £35,828,000).

Dividends of £17,000,000 were paid during the period (2021 - £15,150,000, 2020 - £nil, 2019 - £5,000,000, 2018 - £18,107,260, 2017 - £nil, 2016 - £nil). Over the same seven-year period, the company paid pension contributions in respect of the closed defined benefit schemes of £143.5m. The directors do not recommend a final dividend (2021 - £nil).

FUTURE DEVELOPMENTS

As further detailed in the strategic report, inflation continues to put significant pressure on the business in 2023, particularly on energy and newsprint prices. Despite these inflationary head winds, the company remains positive about the opportunities for 2023 given the resilience of the business and skills of its teams to drive the necessary audience growth and deliver the value sought by our advertisers. The company will be competitive on pay reviews to make sure the employees delivering the results for the business are retained throughout the organisation, this can only be achieved by continuing to re-engineer the business to take out inefficient costs. These measures are essential to protect the company during these challenging times. We have strong local brands for local businesses to market their goods and services.

On 18 March 2022 the company completed the acquisition of Newsquest Community Media Limited (formerly Archant Community Media Limited). Newsquest Community Media owns not only a portfolio of local news brands principally in East Anglia but also publishes a portfolio of regional County Life magazines. Its news brands include the Eastern Daily Press, the East Anglia Daily Times, Norwich Evening News, and Ipswich Star.

The Directors expect the company's activities to continue for the foreseeable future.

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements are listed below.

H Faure Walker

D Horne

P Hunter

M Reed

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company maintains Director's and Officer's liability insurance for the directors during the course of their employment. The insurance will cover the directors' legal costs incurred in defending any proceedings brought by third parties. Such qualifying third-party indemnity provision remains in place as at the date of approving the directors' report.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company and its trading subsidiaries made no political contributions.

During the period charitable contributions of £14,549 (2021 - £1,275) were made by the company and its trading subsidiaries. In addition, editorial support was provided to many local charitable initiatives.

The Gannett Foundation is the charitable arm of Gannett Co., Inc., the ultimate parent undertaking of Newsquest Media Group Limited. The Gannett Foundation provides funding to support local organisations. During the year the Gannett Foundation made charitable donations of £128,000 to projects in the United Kingdom. The approach taken by the Trustees was to invite readers to nominate local good causes they believed should benefit from the scheme. An editorial panel considered all nominations received and shortlisted those causes that would deliver the most worthwhile practical benefits to communities served by Newsquest's local news brands. Readers were invited to collect voting tokens published in the newspapers to support their choice from eight charities in each of the seven regions across the UK. The more tokens collected for the respective charity, the larger the share of cash awarded.

NEWSQUEST MEDIA GROUP LIMITED**DIRECTORS' REPORT (CONTINUED)****CHARITABLE CONTRIBUTIONS (CONTINUED)**

The readers chose to grant the highest percentages of the fund to support primary issues including physical health, poverty, disadvantage and debt, wellbeing, and community cohesion with targeted benefit towards children and young people, people in care or suffering serious illness or those with a disadvantaged or low income.

Among the grants made was one to Greenock Medical Aid Society whose grant will cover the cost of setting up a health and wellbeing suite to add a holistic dimension to the care provided to residents. Other recipients were several local branches of Age UK which provide support to people aged 65 and over who find themselves lonely and isolated.

Many more grants were given in 2022 across the UK for a myriad of good causes including foodbanks, cancer support groups, hospice care and many more.

We were pleased to be able to do our part in raising money for charity, most recently in 2022 for Ukraine with a proportion of the cover price going for war relief efforts.

In 2022 the company commenced offering all employees the opportunity to work for a local charity of their choice for one day a year without loss of salary.

DISABLED PERSONS AND DIVERSITY

It is the policy of the group to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

The company's diversity and inclusion committee is working with human resources to build on existing best practices, raising awareness and communicating about diversity and inclusion throughout the business.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Directors have made an assessment in preparing these financial statements as to whether the company and its subsidiaries (the "group") are a going concern. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The group meets its funding requirements through existing cash balances and cash generated from operations. Cashflow is also assisted by the disposal of surplus properties.

NEWSQUEST MEDIA GROUP LIMITED**DIRECTORS' REPORT (CONTINUED)****GOING CONCERN (CONTINUED)**

The company's diverse revenue streams, from print and digital advertising to circulation along with wide geographical dispersion provide a degree of resilience. The business has demonstrated a long track record of ability in adjusting its business model and cost base to maintain positive cash generation in the event of lower revenues.

The Directors regularly assess cash flow forecasts, including stress testing, which cover a period of more than twelve months from the date of approval of these financial statements. These forecasts indicated the company has adequate cash resources to maintain the group as a going concern without factoring in any benefit from asset disposals. At the time of signing these financial statements the group has access to £15m of unrestricted liquidity resources, and to date EBITDA is significantly ahead of budget.

On this basis the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis, for the going concern period until 31 December 2024.

EMPLOYEE ENGAGEMENT

The company places value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Such communications are undertaken on a regional basis, and include consultation with staff via elected representatives on a Staff Council, the publication of regular newsletters and the regular meetings of directors and senior managers with staff throughout the period.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)**Our environment**

The company recognises its responsibility to minimise its impact on the natural environment and is conscious of the importance of good environmental practices. The company aims to achieve on-going improvement in environmental performance and to comply with all relevant regulations. Actions to improve sustainability are principally focussed on reducing energy consumption and waste.

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next 5 years.

Energy Consumption and Carbon Emissions***Measures ongoing and undertaken through 2022:******Renewable Energy Procurement***

Through the 2022 reporting year, the vast majority of electricity purchased for our business operations was from renewable sources. As this continues into the next reporting year, the option then is available to the group to voluntarily dual report, in order to demonstrate the carbon reductions resulting from the renewable procurement.

Behavioural Change Programme

All four print sites, through 2022, have implemented a switch-off project in an effort to reduce the amount of energy usage outside of operational hours. This switch-off programme comprises a mixture of manual and automated checks to ensure that equipment not in use is powered down for the out-of-hours period, reducing energy wastage.

Ongoing Energy Usage Analysis

Half-hourly energy data is collated and analysed by the business and circulated to the larger consuming print sites on a monthly basis. This allows those sites to then have an understanding of the energy consumption patterns of the sites, identify where wastage is happening, and put in place action plans to combat this. This data is also circulated within the management teams of the business which allows further discussion and investigation into all avenues of energy and carbon reduction opportunities.

Regional Projects

In 2022, the heating plant at the Weymouth property was replaced. While it was not possible to replace with a low-carbon technology such as air-source heat pumps or similar, it has significantly increased the efficiency of the heating plant of the property, which in turn will reduce the gas consumption at site. Low-carbon technology options are being assessed for feasibility.

NEWSQUEST MEDIA GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (CONTINUED)

Energy Consumption and Carbon Emissions (continued)

Measures ongoing and undertaken through 2022 (continued):

Environmental Management System Implementation

Newsquest has maintained ISO 14001 certification in all print sites throughout the portfolio. As a result, there is a constant review process of energy usage throughout the portfolio, ensuring continuous improvement in the operation of energy consuming plant.

Greenhouse gas emissions

We report Scope 1, 2 and 3 emissions defined by the Greenhouse Gas protocol as follows:

- Scope 1 (Direct emissions): consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets;
- Scope 2 (Indirect emissions): consumption of purchased electricity, heat and steam; and
- Scope 3 (Emissions resulting from sources not directly owned by the company): for Newsquest, this is related to grey fleet (business travel undertaken in employee-owned vehicles) only.

Energy Consumption

Consumption data in respect of the 2022 reporting period was as follows:

	kWh*	kWh*
Consumption	2022	2021
Scope 2: Grid-Supplied Electricity	9,616,899	8,669,922
Scope 1: Gaseous and other fuels	2,896,253	5,328,481
Scope 1 and 3: Transportation	1,703,962	1,290,949
Total Consumption	14,217,114	15,289,352

* Kilowatt-hour of energy

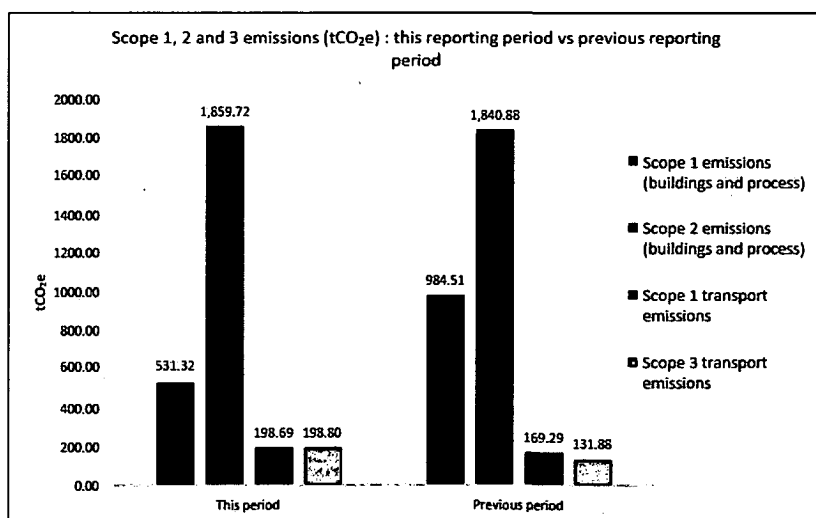
Greenhouse gas emissions data

Emissions data in respect of the 2022 reporting period was as follows:

	tCO ₂ e*	tCO ₂ e*
Emission Type	2022	2021
Scope 2: Grid-Supplied Electricity	1,859.72	1,840.88
Scope 1: Gaseous and other fuels	531.32	984.51
Scope 1 and 3: Transportation	397.49	301.17
Total Emissions	2,788.53	3,126.56

* Tonnes of carbon dioxide equivalent

Year on year both total consumption and total emissions have fallen by 7.0% and 10.8% respectively.



NEWSQUEST MEDIA GROUP LIMITED**DIRECTORS' REPORT (CONTINUED)****STREAMLINED ENERGY AND CARBON REPORTING (SECR) (CONTINUED)****Intensity Ratio**

Intensity Measurement	Units	2022		2021	
		Value	Intensity Ratio (CO2e tonnes / turnover or FTE respectively)	Value	Intensity Ratio (CO2e tonnes / turnover or FTE respectively)
Turnover	£million	150.62	18.51	141.96	22.02
Full Time Equivalents	Number of FTE	1,504	1.85	1,489	2.10

Scope and Methodology:

Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions. We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), and the UK government's policy on Streamlined Energy and Carbon Reporting, except where stated.

The period of our report is from 1 January 2022 to 31 December 2022. This includes emissions under Scope 1, 2 and 3, except where stated.

Scope 1, 2 and 3 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting period 01/01/2022 – 31/12/2022.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Newsquest Media Group were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 9.0% (2021 - 2.0%) of reported consumption.

Intensity metrics have been calculated utilising the 2022 and 2021 reportable figures respectively for turnover and full-time equivalents. The tCO2e for both individual sources and total emissions has been divided by these metrics to determine the tCO2e per metric.

SUBSEQUENT EVENTS

On 22 March 2023 and 21 July 2023, Newsquest Media Group Limited paid dividends of £15m and £10m respectively to Newsquest Capital Limited.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the Board at the time of approving the Strategic Report and Directors' Report are listed on page 4. Having made enquires of fellow directors and of the company's auditors, each of these directors confirm that:

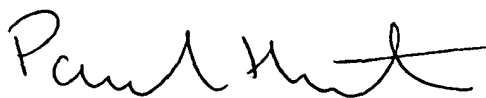
- to the best of each directors' knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

Ernst & Young LLP has been replaced by Grant Thornton LLP as auditors to the company for the financial year ending 31 December 2023. At the annual general meeting Grant Thornton LLP will be formally appointed.

This report was approved by the Board and signed on its behalf on 28 July 2023.


P Hunter
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED

We have audited the financial statements of Newsquest Media Group Limited for the year ended 31 December 2022 which comprise the Income Statement, the Statement of comprehensive income, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety legislation and UK General Data Protection Regulation.
- We understood how Newsquest Media Group Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities. We considered the oversight of those charged with governance and the culture of honesty and ethical behaviour, including the emphasis placed on fraud prevention. We consider these factors to reduce opportunities for fraud to take place as they could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

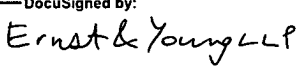
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWSQUEST MEDIA GROUP LIMITED (CONTINUED)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures also involved inquiries of management and those responsible for legal and compliance matters; as well as focused testing of journal entries identified by specific risk criteria and reviewing board minutes.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Naresh Alimchandani (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

28 July 2023

NEWSQUEST MEDIA GROUP LIMITED
Company Registration No. 1676637

INCOME STATEMENT
For the year ended 31 December 2022

	Note	Continuing Activities 2022 £'000	Acquisitions* 2022 £'000	Total 2022 £'000	2021 £'000
TURNOVER	2	146,126	4,497	150,623	141,964
Cost of sales		(32,747)	(1,054)	(33,801)	(27,062)
GROSS PROFIT		113,379	3,443	116,822	114,902
Selling and distribution costs		(27,436)	(912)	(28,348)	(25,657)
Administrative expenses		(62,116)	(1,590)	(63,706)	(59,327)
OPERATING PROFIT FROM CORE BUSINESS	3	23,827	941	24,768	29,918
Exceptional restructuring costs	3	(842)	(21)	(863)	(902)
Write down of investment in subsidiaries	3, 14	(25)	-	(25)	(5,095)
Net credit on disposal of long leasehold property	3	-	-	-	718
OPERATING PROFIT	3	22,960	920	23,880	24,639
Profit on disposal of property	13	746	-	746	10,722
Other finance income	25	2,136	-	2,136	1,039
Income from fixed asset investments	6	1,633	-	1,633	9,369
Interest receivable and similar income	7	162	-	162	7
Interest payable and similar expenses	8	(527)	-	(527)	(538)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,110	920	28,030	45,238
Income tax charge	9	(3,675)	-	(3,675)	(9,410)
PROFIT FOR THE FINANCIAL PERIOD	23	23,435	920	24,355	35,828
STATEMENT OF OTHER COMPREHENSIVE (LOSS)/INCOME:					
Items that will not be reclassified to profit or loss					
Actuarial loss due to liability experiences	25	(36,866)	-	(36,866)	(8,399)
Actuarial gain due to pension liability assumption changes	25	302,011	-	302,011	3,323
Return on pension plan assets greater than discount rate	25	(329,494)	-	(329,494)	38,752
Deferred tax credit/(charge) on items relating to components of other comprehensive income	9, 19	15,656	-	15,656	(10,208)
Other comprehensive (loss)/income for the year, net of tax	23	(48,693)	-	(48,693)	23,468
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD		(25,258)	920	(24,338)	59,296

*The activity reported above for acquisitions all relates to group restructuring for Newsquest Specialist Media Limited.

The notes on pages 15 to 39 form part of the financial statements.

NEWSQUEST MEDIA GROUP LIMITED
Company Registration No. 1676637

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2020	-	145,182	145,182
Profit for the period	-	35,828	35,828
Dividends (note 22)	-	(15,150)	(15,150)
Other comprehensive income	-	23,468	23,468
Share-based payment transactions (note 4)	-	1,178	1,178
Payment to ultimate parent in respect of shares exercised (note 4)	-	(939)	(939)
At 31 December 2021	-	189,567	189,567
Profit for the period	-	24,355	24,355
Dividends (note 22)	-	(17,000)	(17,000)
Other comprehensive loss	-	(48,693)	(48,693)
Share-based payment transactions (note 4)	-	1,228	1,228
Payment to ultimate parent in respect of shares exercised (note 4)	-	(1,375)	(1,375)
At 31 December 2022	-	148,082	148,082

NEWSQUEST MEDIA GROUP LIMITED

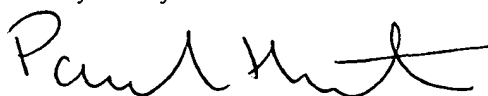
Company Registration No. 1676637

BALANCE SHEET
31 December 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	12	26,253	26,253
Tangible fixed assets	13	23,292	25,211
Right-of-use assets	27	7,031	7,995
Investments	14	7,344	1,708
		<u>63,920</u>	<u>61,167</u>
CURRENT ASSETS			
Assets held for resale	15	-	171
Stock	16	1,239	861
Debtors: amounts falling due within one year	17	46,041	39,761
Debtors: amounts falling due after more than year	17	7,426	-
Cash at bank and in hand		22,376	32,766
		<u>77,082</u>	<u>73,559</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	18	(23,336)	(19,790)
Lease liabilities	27	(1,012)	(904)
		<u>52,734</u>	<u>52,865</u>
NET CURRENT ASSETS			
		<u>61,187</u>	<u>119,373</u>
NON-CURRENT ASSETS			
Deferred tax assets	19	8,217	9,238
Pension surplus	25	52,970	110,135
		<u>177,841</u>	<u>233,405</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>148,082</u>	<u>189,567</u>
NON-CURRENT LIABILITIES			
Amounts owed to group undertakings		(15)	(15)
Deferred tax liabilities	19	(23,430)	(36,793)
Lease liabilities	27	(4,134)	(4,847)
		<u>(27,579)</u>	<u>(41,655)</u>
PROVISIONS FOR LIABILITIES			
	20	<u>(2,180)</u>	<u>(2,183)</u>
NET ASSETS			
		<u>148,082</u>	<u>189,567</u>
CAPITAL AND RESERVES			
Called up share capital	21	-	-
Retained earnings	23	148,082	189,567
TOTAL EQUITY			
	23	<u>148,082</u>	<u>189,567</u>

The notes on pages 15 to 39 form part of the financial statements.

The financial statements on pages 12 to 39 were approved by the Board of Directors and were signed on its behalf on 28 July 2023 by:


P Hunter
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

Basis of preparation of financial statements

The company meets the definition of a qualifying entity for the purpose of FRS 101 (Financial Reporting Standard 101). The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and the Companies Act 2006. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to: the requirements of paragraphs 10 (d), 39 (c) and 134-136 of IAS 1 *Presentation of Financial Statements*, the requirements of paragraphs 30 and 31 of IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*; the requirements of IFRS 7 *Financial Instruments*, the requirements of paragraphs 134 (d) – 134 (f) and 135 (c) – 135 (e) of IAS 36 *Impairment of Assets*, the requirements in IAS 24 *Related Party Disclosures* and the requirements of IAS 8.30 and 31 on new and not yet effective standards.

The company is exempt from preparing group financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its Group. Gannett Co. Inc., the ultimate parent company publishes consolidated financial statements which includes the cash flows of the company. The company has therefore taken advantage of the exemption granted by Financial Reporting Standard 101 – 'Reduced Disclosure Framework', to not present a cash flow statement.

General economic conditions

The performance of the business showed considerable resilience in 2022 when faced with the huge challenges of escalating energy and newsprint prices and economic growth coming to a standstill. The results have been achieved by the hard work of our teams to deliver a dedicated and committed service to our local communities and businesses combined with efficiencies and restructuring to drive down costs.

Despite the economic headwinds from high inflation and volatility in economic confidence the group remains positive about the opportunities for 2023 given the resilience of the business and skills of its teams to build the necessary audience growth and deliver the value sought by our advertisers.

The principal accounting policies adopted are set out under the notes below.

Going concern

The Directors have made an assessment in preparing these financial statements as to whether the company and its subsidiaries (the "group") are a going concern. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The group meets its funding requirements through existing cash balances and cash generated from operations. Cashflow is also assisted by the disposal of surplus properties.

The company's diverse revenue streams, from print and digital advertising to circulation along with wide geographical dispersion provide a degree of resilience. The business has demonstrated a long track record of ability in adjusting its business model and cost base to maintain positive cash generation from lower revenues.

The Directors regularly assess cash flow forecasts, including stress testing, which cover a period of more than twelve months from the date of approval of these financial statements. These forecasts indicated the company has adequate cash resources to maintain the group as a going concern without factoring in any benefit from asset disposals. At the time of signing these financial statements the group has access to £15m of unrestricted liquidity resources.

On this basis the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis, for the going concern period until 31 December 2024.

NEWSQUEST MEDIA GROUP LIMITED**NOTES TO THE ACCOUNTS****Year ended 31 December 2022****1. ACCOUNTING POLICIES (CONTINUED)****Accounting period**

The income statements cover the year from 1 January 2022 to 31 December 2022 and the year from 1 January 2021 to 31 December 2021. The balance sheets for 2022 and 2021 have been drawn up at 31 December 2022 and 31 December 2021 respectively.

Critical judgements in applying the Company's accounting policies

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported results or net position of the company, should it later be determined that a different choice be more appropriate. Management considers the following to be areas of significant judgement and estimation for the group due to greater complexity and/or particularly subject to the exercise of judgement.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant judgements or critical accounting estimates impacting these financial statements.

Publishing and other rights

The company's intangible assets are publishing rights which are stated at fair value on acquisition with no subsequent revaluation. These publishing rights have no finite life and consequently are not amortised. The company does not capitalise internally generated publishing rights.

The carrying value of the publishing rights is reviewed for impairment at least annually with testing undertaken to determine any diminution in the recoverable amount below carrying value. The recoverable amount is the higher of the fair value less costs to sell and the publishing rights value in use. The latter is based on the net present value of estimated future cash flows discounted at the company's pre-tax weighted average cost of capital. Any impairment loss is recognised as an expense immediately.

For the purpose of impairment testing, publishing rights are allocated to each of the company's cash generating units. The directors consider the publishing rights to be one homogenous cash generating unit. The cash generating unit is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the value of publishing rights and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Provisions for onerous leases and dilapidations

Where the company ceases to occupy a rented property for its trade, an estimate of the anticipated total future cost payable under the terms of the operating lease, including rent, rates and other related expenses, is charged to the income statement at the point where the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received under it. Where there is a break clause in the lease, rent, rates and other related expenses are provided for up to that point. In addition, an estimate is made of the likelihood of sub-letting the premises and any rent that would be receivable from a sub-tenant. Where receipt of sub-lease rent is considered likely, these amounts are deducted from the rent payable by the group under the lease and provision charged for the net amount.

Under the terms of a number of property leases, the company is required to return the property to its original condition at the lease expiry date. The company has estimated the expected costs of these dilapidations, set up an asset retirement obligation ('ARO') and amortises the ARO to the income statement over the period of the lease.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are contained in note 9.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Judgements and key sources of estimation uncertainty (continued)

Valuation of share-based payments

The company estimates the expected value of equity-settled share-based payments and this is charged through the income statement over the vesting periods of the relevant awards. The cost is based on the fair value of the shares at the time of grant.

Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is derived from advertising, printing and publishing local news and information, magazines, periodicals, and recharges to group companies, and arises mainly in the United Kingdom.

Print advertising revenues and circulation revenues for paid-for newspapers are recognised upon publication of the relevant newspaper.

Digital revenues are recognised on publication for advertising or delivery of the service for other digital revenues. The company recognises digital revenue from the display of graphical advertisements based on the actual impressions delivered in the period. An impression is delivered when an advertisement appears in pages viewed by users.

Printing revenue is recognised when the service is provided.

Revenues from barter transactions are recognised when the advertisements are published and are recorded at the fair value of goods or services received, in accordance with IFRS 15 '*Revenue from Contracts with Customers*.'

Royalties

Royalty income is recognised on an accruals basis in accordance with the relevant agreements and is included in other income.

Operating profit

Operating profit is stated after charging restructuring or other exceptional costs but before investment income, profit on disposal of property, other finance income and finance costs.

Dividend income/Income from fixed asset investments

Dividend income and income from fixed asset investments comprising dividends from group undertakings is recognised when the company's right to receive payment is established.

Interest income

Interest income is recognised as the interest accrues using the effective interest method.

Exceptional items

The company presents as exceptional items those material items of income and expense which, because of the nature and expected frequency of the events giving rise to them, merit separate presentation to explain the elements of financial performance in the year and to facilitate comparison with prior periods.

Investments

Investments held as fixed assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary impairment in value. The carrying value of investments is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses. The company elected, where appropriate, to use book values at the date of transition to FRS101 on 29 December 2014 as the "deemed" cost of plant, property and equipment. Consequently, any historic asset revaluations were not updated. In all other cases cost comprises the aggregate amount paid and the fair value of any other consideration given and includes costs directly attributable to making the asset capable of operating as intended. No depreciation is provided on assets in the course of construction.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Freehold buildings (excluding land)	40 - 50 years
Long leasehold properties	See note below*
Asset retirement obligations	See note below**
Web offset presses (excluding press components)	7 years
Pre-press systems	5 - 7 years
Computer equipment	3 years
Other plant and machinery	3 - 7 years
Motor vehicles	4 years

*Long leases are written off over the shorter of the duration of the lease or 2% straight line basis if the lease is longer than 50 years.

**Asset retirement obligations are written off over the duration of the lease.

Short leases are written off over the duration of the lease.

Land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

IFRS 16 'Leases'

Lease agreements give rise to the recognition of an asset representing the right to use the leased item and a corresponding loan obligation for future lease payables. The company's accounting policy in respect of leases, is set out below:

The company as a lessee

The company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The vast majority of the company's leases are buildings.

The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee at the commencement date of the lease (i.e. the date the underlying asset is available for use), except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the company recognises the lease payments as an operating expense within the income statement on a straight-line basis over the period of the lease.

At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the balance sheet.

NEWSQUEST MEDIA GROUP LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 December 2022**1. ACCOUNTING POLICIES (CONTINUED)****Significant accounting policies (continued)*****IFRS 16 'Leases' (continued)***

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method), and by reducing the carrying amount to reflect the lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. Interest on the lease liability is presented within finance costs in the income statement.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The right-of-use assets are presented as a separate line in the balance sheet.

The company as a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The company subleases some of its buildings where the subleases are classified as operating leases. In these instances, the company recognises rental income on a straight-line basis over the term of the relevant lease.

Assets classified as held for resale

Where a property is available for immediate sale in its present condition, a sale is highly probable and expected to be completed within one year, the company classifies that asset as held for sale. The value of the asset is held at the lower of the carrying amount or the expected realisable sale value. The asset is no longer depreciated.

The Directors estimate the sale value based on the current price that the asset is being marketed at and advice from independent property agents. Actual sale proceeds may differ from the estimate.

Sale and leaseback

For a sale and leaseback transaction which results in an operating lease being established at fair value, any profit or loss is recognised to the income statement immediately.

Stocks

Stocks comprising paper, plates and ink are stated at the lower of cost and net realisable value. Costs incurred in bringing to their present location and condition comprises raw materials at purchase cost on a first in first out basis. Net realisable value is selling price less any further costs expected to be incurred to completion and disposal.

Trade and other debtors

Trade debtors are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts and do not attract any interest. An allowance for impairment is made based on previous experience of recoverability. Other debtors are provided for where there is evidence that an amount is no longer recoverable.

Trade creditors

Trade creditors are not interest-bearing and are stated at their nominal value.

NEWSQUEST MEDIA GROUP LIMITED**NOTES TO THE ACCOUNTS****Year ended 31 December 2022****1. ACCOUNTING POLICIES (CONTINUED)****Significant accounting policies (continued)*****Provisions for liabilities***

A provision is recognised when the company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is certain. The expense relating to any provision is presented in the income statement net of any reimbursement. When discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Operating leases

As a result of the adoption of the lease accounting standard (IFRS 16) all operating lease commitments which met the recognition criteria under IFRS 16 were capitalised on 1 January 2019 and are being amortised over the period of the lease in accordance with IFRS 16 requirements. For those contracts, predominately IT related, which do not meet the recognition criteria under IFRS 16 these are accounted for as operating lease rentals and charged to the income statement on a straight-line basis over the periods of the leases. Where lease incentives are provided with the operating lease contract, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax-based values used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax outcomes that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the relevant requirements of IAS 12 are satisfied.

Pensions

The company participates in both a defined benefit pension scheme and a defined contribution pension scheme.

The Newsquest Pension Scheme (the Scheme) is a final salary defined pension scheme. The Scheme is closed to new entrants and to future accrual with effect from 31 March 2011. On 12 March 2018 the company acquired CN Group Limited and its two final salary schemes became sections (CN Fund and CN Supplementary Plan) of the Newsquest Pension Scheme. On 11 December 2019 the larger of the two CN sections was merged into the Newsquest Pension Scheme. On 1 September 2021 the W.I.N. Pension Fund, previously included in the accounts of its 100% owned subsidiary, Newsquest (Clyde & Forth Press) Limited, was merged into the Newsquest Pension Scheme.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Pensions (continued)

The Scheme operates under trust law and is managed and administered by the trustee on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme, a funded defined benefit pension scheme, continues to operate to pay retired employees their pensions.

The trustee of the Newsquest Pension Scheme is responsible for the investment of the Scheme's assets, which are held separately from the group. The principal employer of the Scheme is Newsquest Media Group Limited (the company).

During the year, the company made contributions of £5,048,000 (2021 - £14,630,000) in respect of the combined Newsquest and CN sections of the Scheme, based on a schedule of contributions previously agreed between the company and the Newsquest Trustees.

In respect of the defined contribution pension schemes, contributions are charged to the income statement for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Pension scheme costs reported in the income statement and in other comprehensive income are assessed in accordance with the advice of qualified independent actuaries.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. For all current stock awards the fair value is the closing price of the shares on the date of grant. No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated with reference to the vesting period expired. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry to reserves.

Recharges from the company's ultimate parent undertaking for the intrinsic value of the option on exercise that is the difference between the market value on exercise and the option price is taken directly to retained earnings.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at the date or, where appropriate, at the rate of exchange specified in a matching forward contract or currency swap. Any translation differences arising are dealt with in the income statement.

Government grants

In the prior year Coronavirus Job Retention Scheme grants were amounts received from the Government for furloughed staff unable to work during the pandemic. These grants were recognised in the income statement to match them with the costs that they are intended to compensate for.

2. TURNOVER

The whole of the turnover was attributable to the principal activity of the company, being the publishing of magazines and periodicals. The year-on-year change in the geographical split of turnover as shown in the table below is due to the inclusion of the business of the company's subsidiary, Newsquest Specialist Media Limited, which transferred to the company on 1 January 2022.

	Continuing activities 2022 £'000	Acquisitions 2022 £'000	Total 2022 £'000	2021 £'000
United Kingdom	146,126	2,802	148,928	141,964
United States	-	782	782	-
Europe	-	578	578	-
Rest of the World	-	335	335	-
	<u>146,126</u>	<u>4,497</u>	<u>150,623</u>	<u>141,964</u>

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

3. OPERATING PROFIT AND ADJUSTED EBITDA

	2022* £'000	2021 £'000
(a) Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned	3,099	3,407
- held under finance leases	-	51
Depreciation charge on right of use assets (note 27)	1,334	1,135
Loss/(profit) on disposal of tangible fixed assets	11	(110)
Operating lease rentals:		
- plant and equipment	2,942	3,423
Exceptional restructuring costs	863	902
Write down of investment in subsidiaries	25	5,095
Net credit on disposal of long leasehold property	-	(718)
Expenses relating to short term leases for which the recognition exception is applied (note 27)	28	54

All the above charges/(credits) to the income statement relate to continuing activities.

The company paid £600,000 (2021 - £566,000) to its auditors in respect of the audit of the financial statements and for audit services of the entire Gannett International Holdings LLP group. The auditors did not perform any non-audit services during the year (2021 - £nil).

Exceptional restructuring costs primarily relate to redundancy.

(b) Adjusted EBITDA* has been calculated as follows:

	2022 £'000	2021 £'000
Operating profit	23,880	24,639
Depreciation on tangible fixed assets (note 13)	3,099	3,458
Depreciation on Right of Use assets (note 27)	1,334	1,135
Exceptional restructuring costs	863	902
Write down of investment in subsidiaries (note 14)	25	5,095
Net credit on disposal of long leasehold property	-	(718)
Share based payments	1,228	1,178
	<u>30,429</u>	<u>35,689</u>

* Earnings before interest, tax, depreciation of tangible fixed assets and right of use assets, restructuring costs, write-down of investments, net credit on disposal of long leasehold property, share based payment charges and income statement of Newsquest Specialist Media business transferred to the company on 1 January 2022.

4. STAFF COSTS

	2022 £'000	2021 £'000
Wages and salaries ¹	59,723	56,566
Social security costs	5,709	4,974
Other pension costs ²	1,470	1,401
	<u>66,902</u>	<u>62,941</u>

¹ Included in wages and salaries is a total expense for share-based payments of £1,228,000 (2021 - £1,178,000). Recharges for the intrinsic value of shares vested in 2022 of £1,375,000 (2021 - £939,000) have been taken directly to reserves.

² Included in other pension costs in 2022 are £1,470,000 (2021 - £1,401,000) in respect of the defined contribution scheme. There are no costs in 2022 or 2021 in respect of defined benefit schemes.

Included within the 2022 staff costs is £nil (2021 - £183,000) of receipts the company received in the period from the Coronavirus Job Retention Scheme.

NEWSQUEST MEDIA GROUP LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 December 2022**4. STAFF COSTS (CONTINUED)**

The average number of full-time equivalent employees during the year was as follows:

	2022	2021
	Number	Number
Pre-press and printing	142	142
Editorial	608	571
Marketing and sales	403	407
Information technology	34	34
Distribution	97	100
Finance and management	135	141
Digital media	85	94
	<u>1,504</u>	<u>1,489</u>

There are also 1,906 (2021 – 2,436) people involved in distribution who work limited hours to deliver the company's products. The costs of these people are included in staff costs above.

5. DIRECTORS' EMOLUMENTS

	2022	2021
	£'000	£'000
Executive Directors' salaries	616	566
Taxable benefits and car allowance	28	29
Performance related payments	399	683
Pension related	34	31
	<u>1,077</u>	<u>1,309</u>

The aggregate emoluments of the highest paid director were £640,390 (2021 - £793,452). During the year the highest paid director did not exercise share options under a long-term incentive scheme. In 2022 pension related payments of £20,195 were made by the company on behalf of the highest paid director (2021 - £17,761).

No directors are members of the Newsquest Pension Scheme (a defined benefit scheme closed to future accrual). In the current and prior year, two directors benefitted from contributions to the Newsquest stakeholder pension plan (a defined contribution scheme).

At 31 December 2022 the number of directors in respect of whose qualifying services shares in the company's ultimate parent company Gannett Co. Inc. were received or receivable under long-term incentive schemes is four (2021 – four). None of the directors exercised share options in the company's ultimate parent undertaking Gannett Co. Inc. during the year (2021 – none).

6. INCOME FROM FIXED ASSET INVESTMENTS

	2022	2021
	£'000	£'000
Dividends from group undertakings	<u>1,633</u>	<u>9,369</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£'000	£'000
Bank interest	160	-
Other interest	2	7
	<u>162</u>	<u>7</u>

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Unwind of discount on provisions (note 20)	39	66
Interest on lease liabilities (note 27)	487	472
Other interest	1	-
	<u>527</u>	<u>538</u>

9. TAXATION

(a) Tax charged in the income statement

	2022	2021
	£'000	£'000
Current income tax charge:		
UK corporation tax at 19.00% (2021 – 19.00%)	284	315
Adjustments in respect of prior periods	-	-
	<u>284</u>	<u>315</u>
Deferred tax charge:		
Origination and reversal of temporary differences	3,109	6,361
Adjustments in respect of prior periods	282	704
Effect of change in tax rates	-	2,030
	<u>3,391</u>	<u>9,095</u>
Total income tax charge reported in the income statement all relating to continuing operations	<u>3,675</u>	<u>9,410</u>

(b) Tax relating to items (credited)/charged to other comprehensive income

	2022	2021
	£'000	£'000
Deferred tax:		
Actuarial gains/(losses) due to pension liability assumption changes	64,510	(1,269)
Return on pension plan assets greater than discount rate	(80,166)	9,688
Tax rate change	-	1,789
Total deferred tax	<u>(15,656)</u>	<u>10,208</u>
Total income tax (credit)/charge reported in the other comprehensive income statement all relating to continuing operations	<u>(15,656)</u>	<u>10,208</u>

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022
9. TAXATION (CONTINUED)**(c) Reconciliation of the total tax charge/(credit):**

	2022	2021
	£'000	£'000
Profit from continuing activities before taxation	28,030	45,238
Tax on the profits on ordinary activities at the standard UK rate of corporation tax of 19.00% (2021 – 19.00%)	5,326	8,595
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:		
Deferred tax over provided in prior years	282	704
Effect of change in tax rates	-	2,030
Tax effect of items that are not deductible or not taxable in determining taxable profit:		
Other non-deductible expenses	125	1,375
Income not taxable	(310)	(1,780)
Super-deduction on capital expenditure	(67)	(68)
UK to UK transfer pricing adjustments	243	243
Deferred tax not provided current year	(28)	(45)
Difference between current and deferred tax rates in current year	(3)	949
Group relief surrendered for nil payment	(1,469)	12
Deferred tax movement on share-based payments	(1)	(86)
Movement on capital gains not recognised for deferred tax	(142)	(1,500)
Prior year losses utilised	(244)	(423)
Deferred tax movement no current tax impact	(37)	(548)
Assets transferred to held for sale	-	(48)
Total income tax charge reported in the income statement	3,675	9,410

Tax losses arising within the Gannett U.K. Limited group of companies are relieved amongst group companies. The principal factor that may affect tax charges in future periods is the basis on which tax losses are allocated within the group and the rate (if any) at which the company pays for those losses.

(d) Deferred tax in the income statement

The deferred tax charge/(credit) included in the company income statement is as follows:

	2022	2021
	£'000	£'000
Accelerated depreciation for tax purposes	834	1,107
Other timing differences	(95)	709
Trade intangibles	203	203
Rolled over gains	(9)	(577)
Capital losses	-	577
Trade losses	989	843
Properties not eligible for capital allowances	(141)	(1,006)
Share based payments	(1)	(86)
Pensions	1,365	3,918
Impact of change in tax laws and rates	-	2,030
Deferred tax over provided in prior years	282	704
Leased assets	(36)	673
	3,391	9,095

(e) Change in corporation tax rate

A corporation tax rate of 19% applies for the period 1 April 2017 to 31 March 2023. In the March 2021 Budget, the Chancellor announced that the rate of corporation tax will increase to 25% with effect from 1 April 2023.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

10. GROUP RESTRUCTURING

On 1 January 2022 the trade, assets and liabilities of Newsquest Specialist Media Limited were transferred to the company. In accordance with IFRS 3 this transfer of business under common control was at carrying value for consideration of £nil.

	2022 £'000
Current assets	
Debtors	406
Cash	444
Deferred tax asset	77
Total Assets	927
Liabilities	
Creditors	(927)
Net assets acquired	-
Consideration	-

11. ACQUISITIONS

On 18 March 2022 the company acquired for consideration of £11.3m 100% of the ordinary shares of TRL 2019 Limited, its trading subsidiary Newsquest Community Media Limited (formerly Archant Community Media Limited) and its subsidiaries The British Connection Inc., and Archant Properties Limited.

The cost of the investment to the company is shown as additions in note 14. The table below presents the fair value of the assets and liabilities acquired at the date of acquisition.

	Fair value £'000
Fixed Assets	
Intangible fixed assets	7,508
Tangible fixed assets	1,071
Right of use assets for leased property dilapidations	505
Right of use leased assets	1,854
	10,938
Deferred taxation asset	6,043
Current assets	
Stock	215
Assets held for sale	458
Debtors	6,658
Cash	287
Security deposits	540
Corporation tax	30
	8,188
Liabilities	
Creditors	(11,514)
Deferred income	(1,636)
Provisions	(725)
	(13,875)
Net assets acquired	11,294
Consideration (note 14)	5,661
Settlement of third-party borrowing facilities	5,633
	11,294

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022

12. INTANGIBLE ASSETS

	Publishing and other rights £'000
Cost	
At 31 December 2022, 31 December 2021 and 31 December 2020	98,899
Impairment	
At 31 December 2022, 31 December 2021 and 31 December 2020	72,646
Carrying amount	
At 31 December 2022, 31 December 2021 and 31 December 2020	26,253

Publishing rights and trademarks previously acquired through business combinations and transferred to the company from other group companies following a group reconstruction are considered by the directors to be a homogenous cash generating unit (CGU) due to customers acquiring advertising solutions in packages across titles, geographical areas and products.

In accordance with IAS 36 the company tests the carrying value of the publishing rights for impairment annually or more frequently if there are indications that they might be impaired. The recoverable amount of the CGU is determined from value in use calculations. Based on these calculations no further impairment was charged to the income statement for the period 1 January 2022 to 31 December 2022.

The structural changes in the news industry, could further negatively or positively impact the company's assessment of its future results and the underlying assumptions utilised in the determination of the estimated fair value of Newsquest's intangible assets.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022

13. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2021	54,183	81,243	-	135,426
Additions	46	550	887	1,483
Disposals	(17,475)	(3,370)	-	(20,845)
Transfer from group undertaking	-	54	-	54
At 31 December 2021	36,754	78,477	887	116,118
Additions	191	919	127	1,237
Disposals	(151)	(1,934)	-	(2,085)
Reclassification	-	887	(887)	-
At 31 December 2022	36,794	78,349	127	115,270
Depreciation				
At 1 January 2021	29,424	72,775	-	102,199
Charge for year	1,222	2,236	-	3,458
Disposals	(11,481)	(3,323)	-	(14,804)
Transfer from group undertaking	-	54	-	54
At 31 December 2021	19,165	71,742	-	90,907
Charge for year	992	2,107	-	3,099
Disposals	(151)	(1,877)	-	(2,028)
At 31 December 2022	20,006	71,972	-	91,978
Carrying amount				
At 31 December 2022	16,788	6,377	127	23,292
At 31 December 2021	17,589	6,735	887	25,211

Included within land and buildings are; long leaseholds with a net book value of £2,933,000 (2021 - £3,044,000), short leaseholds with a net book value of £168,000 (2021 - £56,000) and freeholds with a net book value of £13,416,000 (2021 - £14,178,000), within which is freehold land with a net book value of £2,995,000 (2021 - £2,995,000).

Also included within land & buildings are asset retirement obligations with a net book value of £271,000 (2021 - £311,000).

During the current year, the company disposed of freehold properties generating cash proceeds of £925,000 (2021 - £21,000,000) and a profit of £746,000 (2021 - £10,722,000).

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022

14. INVESTMENTS

	Investments in subsidiary undertakings £'000	Other investments £'000	Total investments £'000
Cost			
At 1 January 2022 and 1 January 2021	12,990	68	13,058
Acquisitions (note 11)	5,661	-	5,661
At 31 December 2022	18,651	68	18,719
Impairment			
At 1 January 2021	6,255	-	6,255
Charge in year ¹	5,095	-	5,095
At 31 December 2021	11,350	-	11,350
Charge in year ²	25	-	25
At 31 December 2022	11,375	-	11,375
Carrying amount			
At 31 December 2022	7,276	68	7,344
At 31 December 2021	1,640	68	1,708

¹ The impairment charge in the prior year relates to the write down of the company's investment in LOCALiQ Limited following distribution of its reserves to Newsquest Media Group Limited in 2021.

² The impairment charge in the current year relates to the write down of the company's investment in Sopress Investments Limited following distribution of its reserves to Newsquest Media Group Limited in 2022.

- (a) The wholly owned directly or indirectly trading subsidiary companies of Newsquest Media Group Limited (all of which are incorporated in Great Britain and registered in England and Wales except for those marked with an asterisk which are registered in Scotland) at 31 December 2022 are as follows:

Name of company	Nature of business
Newsquest (Clyde & Forth Press) Limited*	Publishing
Newsquest Community Media Limited (formerly known as Archant Community Media Limited)	Publishing

- (b) The dormant subsidiary companies of Newsquest Media Group Limited (all of which are wholly owned directly or indirectly and incorporated in Great Britain and registered in England and Wales except those marked with an asterisk which are registered in Scotland* and Northern Ireland**) at 31 December 2022 are as follows:

Name of Company	Name of Company
Newsquest Printing (Glasgow) Limited*	Sopress Investments Limited
Newsquest Specialist Media Limited	Newsquest Media (Southern) Limited
Newsquest (Essex) Limited	LOCALiQ Limited
Newsquest (Herald & Times) Limited*	TRL 2019 Limited
Newsquest (Herts and Bucks) Limited	William Trimble Limited**
Newsquest (London & Essex) Limited	WP Publishing
Newsquest Pension Trustee Limited	

- (c) Newsquest (Midlands South) Limited (a wholly owned subsidiary company, incorporated in Great Britain and registered in England and Wales) was dissolved on 19 April 2022.
- (d) Archant Properties Limited, (a wholly owned indirect subsidiary, incorporated in Great Britain and registered in England and Wales) is in the process of being liquidated together with The British Connection Inc., (a wholly owned indirect subsidiary incorporated in Pennsylvania, USA) for which Corporate Clearance Filing forms have been submitted in January 2023.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022
15. ASSETS HELD FOR SALE

	2022	2021
	£'000	£'000
Non-current assets held for sale		
Land & Buildings	-	171

On 22 February 2022 the Darlington property was sold for sale proceeds of £925,000.

16. STOCKS

	2022	2021
	£'000	£'000
Raw materials	1,239	861

17. DEBTORS

	2022	2021
	£'000	£'000
Amounts falling due in less than one year:		
Trade debtors	21,950	18,667
Amount due from parent undertaking*	16,030	16,030
Amounts due from group undertakings	49	32
Other debtors	247	150
Corporation tax	1,292	-
Prepayments and accrued income	6,473	4,882
	46,041	39,761

	2022	2021
	£'000	£'000
Amounts falling due in more than one year:		
Amounts due from group undertakings	7,426	-

* During the prior year the company advanced £16 million to its immediate parent undertaking, Newsquest Capital Limited. Interest on the borrowing is charged at 8%. The current and prior year interest has been waived.

Newsquest Media Group Limited has given assurances to Newsquest Capital Limited that the loan will continue to be made available for a period of at least 12 months from the date of signing of the financial statements of the company for the year ended 31 December 2022.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Trade creditors	2,483	1,528
Amounts due to group undertakings	1,954	201
Other taxation and social security	3,888	4,027
Corporation tax	-	17
Other creditors	1,764	1,788
Accruals and deferred income	12,898	12,229
Deferred consideration	349	-
	23,336	19,790

19. DEFERRED TAXATION

	2022	2021
	£'000	£'000
As at 31 December 2021	(27,555)	(8,252)
Tax (charge)/ recognised in the income statement (note 9)	(3,391)	(9,095)
(Charge)/credit recognised in other comprehensive income statement (note 9)	15,656	(10,208)
Transfer from group company	77	-
As at 31 December 2022	(15,213)	(27,555)

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022

19. DEFERRED TAXATION (CONTINUED)

The deferred tax included in the company balance sheet is as follows:

	2022	2021
	£'000	£'000
Deferred tax liabilities:		
Trade intangibles	(4,311)	(4,112)
Rolled over gains	(1,190)	(1,190)
Assets not eligible for capital allowances	(3,075)	(3,362)
Pension	(12,956)	(27,247)
Right of use asset on sale & leaseback property	(636)	(672)
Uncertain tax position	(1,262)	(210)
Deferred tax liabilities	(23,430)	(36,793)

The uncertain tax position relates to the availability of losses from the company's parent company, Newsquest Capital Limited, for group relief.

	2022	2021
	£'000	£'000
Deferred tax assets:		
Accelerated depreciation for tax purposes	4,890	5,916
Other timing differences	868	728
Capital losses	1,190	1,190
Trade losses	1,031	1,172
Share based payments	238	232
Deferred tax assets	8,217	9,238
Deferred tax liabilities	(23,430)	(36,793)
Deferred tax assets	8,217	9,238
Net deferred tax liabilities	(15,213)	(27,555)

Unrecognised deferred tax asset on capital losses

The company has UK capital losses carried forward which are available indefinitely for offset against future capital gains. Deferred tax assets of £5,125,944 (2021 - £4,184,671) have not been recognised in respect of these losses as there is uncertainty over their recoverability.

Unrecognised tax trading losses

The company has UK tax trading losses carried forward, from periods ending prior to 1 April 2018, which are available indefinitely for offset against the company's future taxable trading profits. Deferred tax assets of £230,955 (2021 - £nil) have not been recognised in respect of these losses as there is uncertainty over their recoverability.

Unrecognised deferred tax asset estimated on future capital losses on assets in use

The company has potential UK capital tax losses on assets in use. Should these losses crystallise they will be available indefinitely for offset against future capital gains. Deferred tax assets of £4,205,515 (2021 - £4,907,984) have not been recognised in respect of these capital losses as there is uncertainty over their recoverability.

Unrecognised deferred tax asset estimated on future capital losses on assets held for sale

In the prior year the company had potential UK capital tax losses on assets held for sale. Should these losses have crystallised they would have been available indefinitely for offset against future capital gains. Deferred tax assets of £48,433 (2022 - £nil) were not recognised in respect of these capital losses as there was uncertainty over their recoverability.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

20. PROVISIONS FOR LIABILITIES

	Leasehold property provision (a) £'000	Newspaper society pension provision (b) £'000	Total £'000
Analysed as:			
- Current	109	95	204
- Non-current	776	1,203	1,979
At 1 January 2022	885	1,298	2,183
Additions	65	-	65
Utilised	-	(95)	(95)
Charge for period	(12)	-	(12)
Unwind of discount on provisions (note 8)	6	33	39
At 31 December 2022	944	1,236	2,180
Analysed as:			
- Current	183	95	278
- Non-current	761	1,141	1,902
At 31 December 2022	944	1,236	2,180

(a) The leasehold property provision is expected to be utilised over the term of the leases to which it relates.

(b) The company entered into a covenant to pay £95,059 (2021 - £95,059) per annum until the earlier of either 31 December 2038 or the net assets of the Newspaper Society's pension scheme have been certified to be equal to or greater than the estimated debt that would be payable if the scheme were wound up at the effective date of the scheme's most recent funding statement. The provision is the net present value of the annual commitment of £95,059 until 2038 discounted at rates between 1.8% - 2.7% (2021: 1.8% - 2.7%).

21. CALLED UP SHARE CAPITAL

	2022		2021	
Authorised	Number	£'000	Number	£'000
Ordinary shares of \$1 each	1,270	1	1,270	1
Deferred Ordinary shares of £1 each	200	-	200	-
Ordinary shares of £1 each	187,372,000	187,372	187,372,000	187,372
1% First Cumulative Redeemable Preference shares of £1 each	325,000	325	325,000	325
1% Second Cumulative Redeemable Preference shares of £1 each	99,900	100	99,900	100
Called up, allotted and fully paid				
Ordinary share of £1	1	-	1	-

NEWSQUEST MEDIA GROUP LIMITED**NOTES TO THE ACCOUNTS**
Year ended 31 December 2022**22. DIVIDENDS**

	2022	2021
	£'000	£'000
Dividends for 2022: £17,000,000 (2021: £15,150,000)	17,000	15,150

23. RESERVES

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
At 31 December 2020	-	145,182	145,182
Profit for the period	-	35,828	35,828
Dividends (note 22)	-	(15,150)	(15,150)
Other comprehensive income	-	23,468	23,468
Share-based payment transactions (note 4)	-	1,178	1,178
Payment to ultimate parent in respect of shares exercised (note 4)	-	(939)	(939)
At 31 December 2021	-	189,567	189,567
Profit for the period	-	24,355	24,355
Dividends (note 22)	-	(17,000)	(17,000)
Other comprehensive income	-	(48,693)	(48,693)
Share-based payment transactions (note 4)	-	1,228	1,228
Payment to ultimate parent in respect of shares exercised (note 4)	-	(1,375)	(1,375)
At 31 December 2022	-	148,082	148,082

24. COMMITMENTS AND CONTINGENCIES**Operating lease commitments**

Future minimum amounts payable under non-cancellable operating leases are as follows:

	Other
	2022
	£'000
	2021
	£'000
Within one year	2,182
Between two and five years	3,691
More than five years	-
	5,873
	8,067

'Other' mostly comprises non-cancellable supply contracts related to IT.

As a result of the adoption of the new lease accounting standard (IFRS 16) all operating lease commitments which meet the recognition criteria under IFRS 16 have been capitalised and are being amortised over the period of the lease in accordance with IFRS 16 requirements.

Capital commitments

At 31 December 2022 the company had capital commitments of £287,000 (2021 - £357,000).

NEWSQUEST MEDIA GROUP LIMITED**NOTES TO THE ACCOUNTS****Year ended 31 December 2022****25. PENSIONS****The Newsquest Workplace Pension**

The Newsquest Workplace Pension is a defined contribution pension plan. Automatic enrolment into this scheme applies to those workers who meet the relevant criteria. The costs for the year under this scheme are £1,470,000 (2021 - £1,401,000).

The Newsquest Pension Scheme

Prior to 1 September 2021 the Newsquest Pension Scheme consisted of two sections: the Newsquest section (which incorporates the CN Fund section) and the CN Supplementary Plan section. On 1 September 2021 the company's Newsquest section merged with the W.I.N. Pension Fund.

Newsquest Section (including the merged CN Fund section)

Following consultation, the Newsquest Pension Scheme (the Scheme) ceased the future accrual of pension benefits with effect from 31 March 2011. The Scheme operates under trust law and is managed and administered by the trustee on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme, a funded defined benefit pension scheme, continues to operate to pay retired employees their pensions. The trustees of the Newsquest Pension Scheme are responsible for the investment of the Scheme's assets, which are held separately from the group. The principal employer of the Scheme is Newsquest Media Group Limited (the company).

On 12 March 2018 the company acquired CN Group Limited and its' two final salary schemes became sections of the Newsquest Pension Scheme - CN Fund Section and CN Supplementary Plan Section. On 11 December 2019 the CN Fund section was merged into the Newsquest Pension Scheme.

During the year the company made total contributions of £5,048,000 (2021 - £14,630,000).

The last triennial valuation assessing the position of the Scheme as at 31 March 2021 showed a technical provisions deficit of approximately £50m. On 27 June 2022 the company and the Scheme Trustee agreed a schedule of contributions to 30 June 2027 requiring after 31 December 2022 a one-off contribution of £5m in both January 2024 and January 2025. The latter contribution being subject to the updated funding position of the Scheme as at 31 March 2024.

In addition, the company will continue to bear the administrative expenses of the Scheme.

CN Supplementary Plan Section

The CN Supplementary Plan section has no funding requirement, accordingly no contributions were made in the current or prior year.

W.I.N. Pension Fund

On 1 September 2021 the W.I.N. Pension Fund, previously included in the accounts of its 100% owned subsidiary, Newsquest (Clyde & Forth Press) Limited, up until 1 September 2021 was merged into the Newsquest Pension Scheme.

Scheme assets and liabilities

The Scheme holds a globally diversified portfolio of investments to maintain a wide range of diversification and to reduce volatility. At the end of 2022, the scheme held 16.1% (2021 - 24.5%) in passive equities, 23.3% (2021 - 34.0%) in UK indexed linked bonds; 40.9% (2021 - 24.4%) in property of which 20.2% (2021 - 12.8%) was held in the UK, 12.7% (2021 - 7.2%) in infrastructure and 8.0% (2021 - 4.4%) in loans secured against commercial real estate; 7.4% (2021 - 4.5%) insurance linked securities and 12.3% (2021 - 12.6%) in cash.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2021
25. PENSIONS (CONTINUED)

The assets and liabilities of the schemes at 31 December 2022 and 31 December 2021 are:

Schemes assets at fair value

	2022	2021
	£'000	£'000
Equity securities	88,082	215,228
Debt securities	126,940	299,184
Property	223,352	214,115
Insurance linked securities	40,576	39,297
Cash and other	66,954	110,247
Total fair value of scheme assets	545,904	878,071
Present value of scheme liabilities	(492,934)	(767,936)
Defined benefit pension plan surplus	52,970	110,135

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year ended 31 December 2022 and 31 December 2021 are analysed as follows:

Recognised in the Income Statement

	2022	2021
	£'000	£'000
Past service cost in respect of pension plan amendments	-	-
Finance credit	(2,136)	(1,039)
	(2,136)	(1,039)

Taken to the Statement of Comprehensive Income

	2022	2021
	£'000	£'000
Actuarial loss due to liability experience	(36,866)	(8,399)
Actuarial gain arising from changes in pension liability	302,011	3,323
Return on plan assets (excluding amounts included in net interest expense)	(329,494)	38,752
Recognised in Statement of Comprehensive Income	(64,349)	33,676

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2022	2021
	£'000	£'000
Defined benefit obligation at 31 December 2021 and 31 December 2020	767,936	765,185
Interest on benefit obligation	14,348	11,346
Actuarial gain due to demographic and financial assumptions	(302,011)	(3,323)
Actuarial loss due to liability experience	36,866	8,399
Benefits paid	(24,205)	(24,767)
Past service cost plan amendments	-	-
Transfer from group undertaking	-	11,096
Defined benefit obligation at 31 December 2022 and 31 December 2021	492,934	767,936

Changes in fair value of plan assets are analysed as follows:

	2022	2021
	£'000	£'000
Fair value of plan assets at 31 December 2021 and 31 December 2020	878,071	824,827
Interest income on plan assets	16,484	12,385
Return on plan assets greater than discount rate	(329,494)	38,752
Employer contributions	5,048	14,630
Benefits paid	(24,205)	(24,767)
Transfer from group undertaking	-	12,244
Fair value of plan assets at 31 December 2022 and 31 December 2021	545,904	878,071

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2021

25. PENSIONS (CONTINUED)

Analysis of financial assumptions:

The principal assumptions used in determining pension benefit obligations for the scheme are shown below:

	2022	2021
	%	%
Discount rate	4.95	1.9
Price inflation	3.05	3.2
Pension increases for in-payment benefits	2.55	2.7
Pension increases for deferred benefits	2.55	2.7
	Number of	Number of
	years	years
Future life expectancy for a pensioner currently aged 65		
- Male	21.2	20.8
- Female	23.6	23.3
Future life expectancy from age 65 for a pensioner who retires in 15 years and is currently aged 50		
- Male	21.8	21.5
- Female	24.5	24.2

Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected, by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

The price inflation sensitivity takes into account the effect of deferred revaluation and pension increases in payment. The sensitivities have been calculated using a consistent method to that used to calculate the DBO (i.e. they are based on a roll forward and change basis of the results of the 31 March 2021 triennial valuation).

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Effect on defined benefit obligation
Discount rate 0.5% decrease	+7.0%
Inflation assumption 0.5% increase	+6.8%

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 14.2 years (2021: 18.3 years). This maturity profile of the pension deficit is subject to the assumptions for Scheme asset returns over the period and discount rates. Actual Scheme asset returns and changes in discount rates over this period will have an influence on any future changes to company contributions to the Scheme.

Expected benefits payable are as follows:	£'000
Year ended December 2023	24,823
Year ended December 2024	25,455
Year ended December 2025	26,105
Year ended December 2026	26,770
Year ended December 2027 to 31 December 2031	175,583

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022
26. SHARE-BASED PAYMENTS**Restricted stock**

Restricted stock grants are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. Each share awarded entitles the employee to receive one share of Gannett Co., Inc.'s common stock on the expiration of the incentive period which vests 3 years after the grant date.

Included in wages and salaries in the income statement is a total expense for these employee share options of £1,228,000 (2021 - £1,123,000). Recharges for the intrinsic value of options exercised in 2022 of £1,236,000 (2021 - £854,000) have been taken directly to reserves.

	2022 No.	2022 WASP*	2021 No.	2021 WASP*
Outstanding at 1 January 2022 and 1 January 2021	657,428	\$5.70	601,442	\$6.17
Granted during the year ¹	546,058	\$4.16	352,626	\$5.29
Forfeited during the year	(56,418)	\$5.11	(12,094)	\$5.64
Settled ²	(330,851)	\$5.86	(284,546)	\$6.20
Transfer from group company	13,814	\$5.83	-	-
Outstanding at 31 December 2022 and 31 December 2021	<u>830,031</u>	<u>\$4.66</u>	<u>657,428</u>	<u>\$5.70</u>

*The weighted average share price (WASP) is the share price at the time the Restricted stock was granted, averaged over the number of shares outstanding at the balance sheet date.

¹ The weighted average fair value of Restricted stock granted in 2022 was \$4.16 (2021 - \$5.29).

² The weighted average share price at the date of settlement of the Restricted stock was \$3.73 (2021 - \$4.11).

Performance shares ("PSUs")

Performance shares are discretionary shares awarded to certain individuals out of the 2001 Omnibus Incentive Compensation Plan. Each share awarded entitles the employee to receive one share of Gannett Co., Inc.'s common stock on the expiration of the incentive period which vest 3 years after the grant date.

Performance stock units ("PSUs") are subject to the achievement of certain performance goals over the eligible period. Share based payment charge ultimately recognised for these PSUs will equal the grant-date fair market value of the unit that coincides with the actual outcome of the performance conditions. On an interim basis, a share-based payment cost is recorded to the income statement based on the expected level of achievement of the performance conditions.

Included in wages and salaries in the income statement is a total expense for performance shares of £nil (2021 - £55,000). Recharges for the intrinsic value of PSUs exercised in 2022 of £139,000 (2021 - £85,000) have been taken directly to reserves.

	2022 No.	2022 WASP*	2021 No.	2021 WASP*
Outstanding at 1 January 2022 and 1 January 2021	34,875	\$6.28	69,780	\$6.28
Settled ¹	(34,875)	\$6.28	(34,905)	\$6.28
Granted	19,798	\$4.63	-	-
Forfeited during the year	(19,798)	\$4.63	-	-
Outstanding at 31 December 2022 and 31 December 2021	<u>-</u>	<u>-</u>	<u>34,875</u>	<u>\$6.28</u>

*The weighted average share price (WASP) is the share price at the time the Performance shares were granted, averaged over the number of shares outstanding at the balance sheet date.

¹ The weighted average share price at the date of settlement of the Performance shares was \$3.98 (2021 - \$3.36).

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2022
27. RIGHT OF USE ASSETS AND LEASES LIABILITIES**Carrying value of right-of-use assets**

	Plant & Machinery £'000	Property £'000	Total £'000
At 1 January 2022	277	7,718	7,995
Additions	-	626	626
Depreciation expense	(140)	(1,194)	(1,334)
Disposals	-	(256)	(256)
At 31 December 2022	137	6,894	7,031

Carrying value of lease liabilities

	2022 £'000	2021 £'000
At 1 January 2022	5,751	5,569
Additions	626	2,160
Accretion of interest (note 8)	487	472
Payments	(1,433)	(1,183)
Disposals	(285)	(1,267)
At 31 December 2022	5,146	5,751
Current	1,012	904
Non-current	4,134	4,847
	5,146	5,751

Lease liability maturity analysis – contractual undiscounted cash flows

	2022 £'000	2021 £'000
Less than one year	1,400	1,370
One to five years	3,863	4,486
More than five years	970	1,656
Total undiscounted lease liabilities at 31 December 2022 and 31 December 2021	6,233	7,512

Amounts recognised in income statement

	2022 £'000	2021 £'000
Depreciation expense of right of use assets	1,334	1,135
Interest expense on lease liabilities	487	472
Expense relating to short term leases	28	54
Total amount recognised in P&L	1,849	1,661

28. RELATED PARTIES

The company is a wholly owned subsidiary included in the consolidated financial statements of its ultimate parent company. These financial statements are publicly available, therefore, the company has taken advantage of the exemption under paragraph 8 (k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries. The amounts due from or due to group companies at the balance sheet date are shown in notes 17 and 18 respectively.

Directors' emoluments are disclosed in note 5 and matters relating to the Newsquest Pension Scheme in note 25.

NEWSQUEST MEDIA GROUP LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

29. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling company is Gannett Co., Inc., a company incorporated in the United States of America. The intermediate parent and controlling company in the United Kingdom is Gannett U.K. Limited, a company incorporated in Great Britain and registered in England and Wales. The immediate parent is Newsquest Capital Limited. The consolidated financial statements of Gannett Co., Inc., comprise the smallest and largest group of which the company is a member that prepares consolidated financial statements. The annual report and consolidated financial statements of Gannett Co., Inc. can be obtained from the Secretary, Gannett Co., Inc., 7950 Jones Branch Drive, McLean, Virginia, 22107, USA, or online at www.gannett.com, see investor relations page.

30. SUBSEQUENT EVENTS

On 22 March 2023 and 21 July 2023, Newsquest Media Group Limited paid dividends of £15m and £10m respectively to Newsquest Capital Limited.

There are no other events subsequent to the year end to report.