14 November 2024

WH SMITH PLC
The global travel retailer

PRELIMINARY RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

A strong year with Group profit[1] up 16%
Well positioned for future growth

- Total Group revenue up 7% to £1,918m (2023: £1,793m)
  - Total revenue in Travel up 11%, with Travel UK up 12%; North America up 9%*; Rest of the World ('ROW') up 18%*
- Headline Group profit before tax and non-underlying items[1] up 16% to £166m (2023: £143m)
  - Total Travel trading profit[1] of £189m (2023: £164m)
  - High Street trading profit[1] of £32m (2023: £32m)
- Headline diluted EPS before non-underlying items[1] up 11% to 89.3p
- Proposed final dividend of 22.6p per share, resulting in full year dividend of 33.6p per share, up 16% on the prior year and reflecting strong business performance and confidence in the Group's future prospects
- £50m share buyback announced in September 2024, reflecting strong ongoing cash flow, receipt of the pension fund buyout cash return and the strength of our balance sheet
- New store pipeline of over 90 stores[2] won and yet to open in Travel, including c.60 in North America. Expect to open net c.40 stores this financial year in Travel
- The new financial year has started well

Carl Cowling, Group Chief Executive, commented:

"The Group has delivered an excellent performance throughout the year, particularly over the key summer trading period.

"Our Travel divisions are trading well with a particularly strong performance from our UK Travel business, with trading profit up 20% to £122m. We are making excellent progress in the UK as we continue to benefit from the rollout of our one-stop-shop format which is creating significant opportunities to further grow profitability.

"Our most exciting opportunity for growth is in North America. We are very pleased to have recently won some significant new airport business, including wins at Dallas, Denver and Washington Dulles airports, and we are the preferred bidder for a further 15 stores across two major US airports. Our store opening programme is on track and we have a new store pipeline of c.60 stores already won.

"In addition to the £50m share buyback announced in September, the Board is today proposing a final dividend of 22.6p, making a total of 33.6p for the year reflecting current trading and the significant medium and long term prospects for our global travel business.

"This set of results would not be possible without the ongoing efforts and dedication of the entire team across the globe, and I am extremely grateful for their support.

"The new financial year has started well. While there is some economic uncertainty, we are confident that 2025 will be another year of good progress for the Group."

* On a constant currency basis
[1] Alternative Performance Measure (APM) defined and explained in the Glossary on page 50
[2] Pipeline as at 14 November 2024

Group financial summary:

	IFRS 16		Headline pre-IFRS 16[3]	
	Aug 2024	Aug 2023	**Aug 2024**	Aug 2023
Travel UK trading profit[1]	**£126m**	£101m	**£122m**	£102m
North America ('NA') trading profit[1]	**£58m**	£52m	**£54m**	£49m
Rest of the World ('ROW') trading profit[1]	**£18m**	£13m	**£13m**	£13m
Total Travel trading profit[1]	**£202m**	£166m	**£189m**	£164m
High Street trading profit[1]	**£39m**	£43m	**£32m**	£32m
Group profit from trading operations[1]	**£241m**	£209m	**£221m**	£196m
Group profit before tax and non-underlying items[1]	**£161m**	£137m	**£166m**	£143m
Diluted earnings per share before non-underlying items[1]	**86.3p**	76.5p	**89.3p**	80.3p
Non-underlying items[1]	**£(55)m**	£(27)m	**£(57)m**	£(15)m
Group profit before tax	**£106m**	£110m	**£109m**	£128m
Basic earnings per share	**51.9p**	60.8p	**53.5p**	71.5p
Diluted earnings per share	**51.1p**	59.8p	**52.7p**	70.5p

Revenue performance:

	Aug 2024 £m	Aug 2023 £m	% change
Travel UK	**795**	709	12%
North America	**401**	380	6%
Rest of the World	**270**	235	15%
Total Travel	**1,466**	1,324	11%
High Street	**452**	469	(4)%
Group	**1,918**	1,793	7%

[3] The Group adopted IFRS 16 'Leases' with effect from 1 September 2019. The Group continues to monitor performance and allocate resources based on pre-IFRS 16 information (applying the principles of IAS 17), and therefore the results for the years ended 31 August 2024 and 31 August 2023 have been presented on both an IFRS 16 and a pre-IFRS 16 basis.

Measures described as 'Headline' are presented pre-IFRS 16.

For the purposes of narrative commentary on the Group's performance and financial position, both pre-IFRS 16 and IFRS 16 measures are provided. Reconciliations from pre-IFRS 16 measures to IFRS 16 measures are provided in the Glossary on page 50. Group revenue was not affected by the adoption of IFRS 16, and therefore all references to and discussion of revenue are based on statutory measures.

ENQUIRIES:

WH Smith PLC

Nicola Hillman	Media Relations	01793 563354
Mark Boyle	Investor Relations	07879 897687

Brunswick

Tim Danaher		020 7404 5959

WH Smith PLC's Preliminary Results 2024 are available at whsmithplc.co.uk.

GROUP OVERVIEW

The Group has had another successful year with our Travel business generating Headline trading profit[1] up 15% to £189m (2023: £164m), Headline Group profit before tax and non-underlying items[1] up 16% to £166m (2023: £143m) and Headline diluted EPS before non-underlying items[1] up 11% to 89.3p (2023: 80.3p).

We saw strong momentum across our Travel markets over the peak summer trading period and this has continued into the new financial year.

We see further growth opportunities from increasing our spend per passenger and average transaction value ("ATV"), expanding our categories, and increasing our space by continuing to win new stores across the globe utilising our broad suite of brands. At the same time, we continue to benefit from growing passenger numbers.

Travel is well positioned to continue to create value from the growth in passenger numbers and the considerable opportunities to win and open additional stores. Analysis from the International Air Transport Association suggests that passenger numbers will grow in low single digits each year over the medium term.

We have seen a notable increase in tender activity in North America and were delighted to win stores at Detroit, Chicago O'Hare and Washington Ronald Reagan airports during the year. More recently, we have won a further 24 stores in Dallas, Denver and Washington Dulles airports, and this includes preferred bidder status at two major US airports. This brings the total number of stores won and yet to open in North America to c.60, primarily opening over the next 2 years. We expect to open c.26 in this financial year, and anticipate c.10 closures.

Across our Travel divisions, we have a new store pipeline of over 90 stores won and yet to open of which we expect c.60 to open this financial year. After closures, we expect to have net openings of c.40 stores this year.

Our forensic approach to retailing combined with the scalability of our business provides us with significant opportunities to win and open new stores, and with that to continue to grow revenue, profit, cash generation and, through operational gearing, grow our EBIT margins.

The transformation of our UK Travel business from a news, books and convenience retailer to a one-stop-shop for travel essentials is in the early stages and it is delivering strong results, driving profitability and highlighting significant opportunities for the future. By using our forensic approach to retailing, we are able to consolidate existing categories and introduce new ones such as food to go, tech accessories, and health and beauty. This transformation is most evident in our largest stores at London Heathrow, London Gatwick and Birmingham airports, however it is a highly scalable format and not only applicable for our larger stores in Air, so we see plenty of good opportunities for the future. While the rollout has started in the UK, we also have great potential for this retail format in our North America and ROW divisions.

North America, the world's largest travel market and with increasing passenger numbers, is our most exciting growth opportunity where we see excellent prospects to further grow our airport business. This division will continue to become an increasingly significant part of the Group and is now our second largest division in profit terms, after Travel UK.

We have made good progress in the year, supported by the key pillars of our strategy and our ongoing forensic approach to retailing across each of our divisions.

These include:

- ***Space growth:***
    - Opening new stores;
    - Winning new business;
    - New, better quality space;
    - Extending contracts;
    - Developing formats and brands
- ***ATV growth:***
    - Space management;

- Refitting stores;
- Range development

- ***Category development:***
  - One-stop-shop travel essentials format;
  - Improving ranges, for example, health and beauty, food to go, and tech

- ***Cost and cash management:***
  - Flexible rent model;
  - Investing for growth (capex in the current financial year expected to be around £125m);
  - Productivity and efficiencies

- ***Disciplined capital allocation, supporting investment in growth and shareholder returns***

In the year, Travel was over 75% of Group revenue and over 85% of Headline Group profit from trading operations[1]. Both of these measures will increase as we continue to grow Travel.

Group revenue

	Year to 31 August 2024		
	Total vs 2023	**Total constant currency[4] vs 2023**	**LFL[1] vs 2023**
Travel UK	12%	12%	10%
North America	6%	9%	-%
Rest of the World	15%	18%	9%
Total Travel	**11%**	**12%**	**7%**
High Street[5]	(4)%	(4)%	(2)%
Group	**7%**	**8%**	**5%**

Total Group revenue at £1,918m (2023: £1,793m) was up 7% compared to the prior year.

In Travel, we saw a strong performance with total Travel revenue up 12%[4] and up 7% on a like-for-like[1] ('LFL') basis. This was driven by a strong performance from Travel UK up 12% on a total basis, North America up 9%[4], and ROW up 18%[4]. On a LFL basis, Travel UK was up 10%, North America flat, and ROW up 9%.

Our High Street business performed in line with expectations.

Trading momentum in Travel has continued into the current financial year.

Group profit

Total Travel delivered a Headline trading profit[1] in the year of £189m (2023: £164m). Travel UK increased significantly by £20m to £122m; North America increased by £5m to £54m; and ROW was in line with the prior year at £13m, with second half Headline trading profit[1] up £3m on the prior year.

High Street delivered a Headline trading profit[1] of £32m (2023: £32m), in line with expectations.

Headline Group profit from trading operations[1] for the year was £221m (2023: £196m) with Headline Group profit before tax and non-underlying items[1] up 16% to £166m (2023: £143m).

Group profit before tax, including non-underlying items and on an IFRS 16 basis, was £106m (2023: £110m) in the year.

[4] Constant currency
[5] Includes internet businesses

Group balance sheet

The Group has a strong balance sheet, has highly cash generative trading operations and has substantial liquidity. The Group has the following cash and committed facilities as at 31 August 2024:

£m	31 August 2024	Maturity
Cash and cash equivalents[6]	56	
Revolving Credit Facility[7]	400	June 2029
Convertible bonds	327	May 2026

The Group has a 5 year sustainability-linked revolving credit facility ('RCF') and a £327m convertible bond with a maturity of 7 May 2026 which has a fixed coupon of 1.625%.

As at 31 August 2024, Headline net debt[1] was £371m (2023: £330m) and the Group has access to c.£313m of liquidity. Leverage[1] at the year end was 1.4x Headline EBITDA[1] (2023: 1.4x).

On 10 September 2024, following the buy-out of the defined benefit pension Trust, the Group received a cash refund of £75m and an investment fund of £12m which will convert to cash over the next two years. Proforma leverage at the year end, including these proceeds, would have been c.1.1x, within our target range of 0.75x to 1.25x.

Group cash flow

The Group generated an operating cash flow[1] of £267m in the year (2023: £235m) demonstrating the cash generative nature of the business. Capex was £129m[8] (2023: £122m) as we continued to invest in new stores, where we get returns well ahead of our cost of capital. As expected, we had a working capital outflow[9] of £49m in the year (2023: £64m). This mainly relates to investment in new stores, deferred rent payments in Travel relating to the pandemic and some timing. This year, we expect a smaller outflow mainly relating to opening new stores. In total, there was a free cash inflow in the year of £53m (2023: £20m). This year, we would expect, subject to investment opportunities, an increase in free cash generation, and net debt to be around £340m at the end of the year.

Capital allocation policy

The cash generative nature of the Group is complemented by our disciplined approach to capital allocation. This has been in place for many years and continues to drive our decision making for utilising our cash:

- First, investing in our existing business and in new opportunities where rates of return are ahead of the cost of capital; this year, we expect capex of c.£125m. The returns in Travel are good with ROCE[10] in the UK at 36%, North America at 16% and ROW at 23%;
- Second, paying a dividend. We have a progressive dividend policy with a target dividend cover, over time, of 2.5x earnings[11]; the Board is proposing a full year dividend of 33.6p per share taking cover to 2.7x (2023: 2.8x);
- Third, undertaking attractive value-creating acquisitions in strong and growing markets; and
- Fourth, returning surplus cash to shareholders via share buybacks.

The Board has proposed a final dividend of 22.6p per share in respect of the financial year ended 31 August 2024, which together with the interim dividend, gives a full year dividend of 33.6p per share. This reflects the cash generative nature of the business and our confidence in the future prospects of the Group. Subject to shareholder approval, the dividend will be paid on 6 February 2025 to shareholders registered at the close of business on 17 January 2025.

In addition, at the Pre-close Trading Update on 11 September 2024, the Group announced a £50m share buyback which reflects the strong ongoing cash flow, the receipt of the pension surplus cash return as well as the strength of our balance sheet with leverage now within the target range. As at 13 November 2024, the Group had purchased 0.4m shares for cancellation for total consideration of £6m.

[6] Cash and cash equivalents comprises cash on deposit of £30m and cash in transit of £26m
[7] Draw down of £117m as at 31 August 2024
[8] Excluding capex related to non-underlying items of £2m
[9] Pre-IFRS 16
[10] Return on capital employed. ROCE is an Alternative Performance Measure (APM) defined and explained in the Glossary on page 50
[11] Headline diluted earnings per share, before non-underlying items

TOTAL TRAVEL

Total Travel revenue was £1,466m (2023: £1,324m), up 11% compared to the previous year, generating a Total Travel Headline trading profit[1] in the year of £189m (2023: £164m).

£m	Trading profit[1] (IFRS 16)		Headline trading profit[1] (pre-IFRS 16)		Revenue	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Travel UK	**126**	101	**122**	102	**795**	709
North America	**58**	52	**54**	49	**401**	380
Rest of the World	**18**	13	**13**	13	**270**	235
Total Travel	**202**	166	**189**	164	**1,466**	1,324

In Travel, our initiatives position us well for future growth:

- ***Space growth - Business development and winning new business***
  Through building and managing relationships with all our landlord partners, we look to win new space, improve the quality and amount of space, develop new formats and extend contracts. We opened 106 stores in the year (38 stores net of closures). We now have a store pipeline of over 90 stores[2] (c.70 stores net of expected closures), which are due to open over the next three years. Going forward, we expect to win, on average, around 50 to 60 stores a year and close on average c.20 stores as we improve the quality of our space. There are significant space growth opportunities across all our Travel markets.

- ***ATV growth***
  We aim to grow ATV through our forensic analysis of the return on our space, cross-category promotions, merchandising, store layouts and store refits. The transition of our stores to a one-stop-shop for travel essentials is an important driver of this growth. During the year, we have continued to focus on re-engineering our ranges and we continue to see good ATV performance across our channels.

- ***Category development***
  We do this by developing adjacent product categories relevant for our customers, such as health and beauty and tech ranges, and expanding existing categories such as food. During the year, we launched a new food to go brand, *Smith's Family Kitchen*. We have also continued to focus on identifying further opportunities where we can reposition our traditional news, books and convenience ('NBC') format to a one-stop-shop travel essentials format. The results from our one-stop-shop travel essentials format have been positive for both our customers and our landlords.

- ***Cost and cash management***
  We remain focused on cost efficiency and productivity, for example, by continuing to invest in energy efficient chillers across our stores and investing in our supply chain capabilities in North America to more effectively serve our growing store estate on the East Coast of the US.

TRAVEL UK

Travel UK, our largest division, has delivered another year of significant growth and we continue to have good opportunities to grow this division further.

Total revenue in the year was £795m (2023: £709m) which, together with improved margins, resulted in a Headline trading profit[1] of £122m (2023: £102m).

Across all our channels we continue to focus on our key growth drivers: space growth, increasing ATV and spend per passenger, driving EBIT margins and benefitting from the growth in passenger numbers. Momentum is strong and we are seeing good results, with revenue growing ahead of passenger numbers.

Air passenger numbers are a key growth driver, and they are forecast to grow in the short and medium term. All our channels in Travel UK have performed strongly during the year with total revenue growth of 12% versus last year. We have started the new financial year well with all three channels delivering good growth.

We are investing in our UK store portfolio while also identifying new and better quality space opportunities across each of our channels. During the year, we have opened 14 new stores, including 3 at airports, 6 in Hospitals and 5 in Rail. We see this annual space growth of around 10-15 new stores in Travel UK extending into the medium term. We closed 8 small and less well located stores in the year. This year, we expect to open 10 to 15 new stores in the UK and close c.7 stores.

Revenue growth by key channels

	Revenue (% change) Year to 31 August 2024	
	Total vs 2023	**LFL[1] vs 2023**
Air	11%	11%
Hospitals	14%	12%
Rail	13%	11%
Total Travel UK	**12%**	**10%**

Air

Air, which is the biggest channel in Travel UK, delivered a strong performance with total revenue up 11% and LFL revenue up 11% on the prior year.

The development of our one-stop-shop for travel essentials format in the UK is delivering strong results, driving profitability, and highlighting significant opportunities for the future. A good example is our flagship store at Birmingham Airport which has been trading for 12 months. We are very pleased with this store's performance and it is now one of our top performing stores in Travel UK, with revenue increasing by 40% as a result of this new format.

This store has been designed using local landmarks as inspiration for the look and feel of the store and provides customers with a bespoke customer experience, encompassing everything you would expect from WHSmith, as well as a broader and improved product range, including health and beauty, tech, food to go and coffee. We have also, more recently, opened a Well Pharmacy within the store completing our blended essentials offer for customers on the move.

By widening our offer and creating a fast, convenient shopping experience, customers are putting more items in their baskets which in turn increases our spend per passenger and drives ATV.

This is a highly scalable format and not only applicable for our larger stores in Air, but also our smaller stores, so we see plenty of good opportunities for the future.

An example of category development to drive ATV is where we have been focused on improving our food offer for customers. Food has been a core category for us for over 10 years, now representing 15% of our revenue in Travel UK and we expect this to continue to grow. Over the past two to three years, we have seen a shift to more leisure passengers across Air and Rail. In particular in Air, we have seen longer dwell times and, as a result, we have worked with our airport partners to provide an improved food and beverage offer for customers who are looking for different, convenient, quality food options.

To provide a broader and improved food offer, in June we launched a new food to go range branded *Smith's Family Kitchen* ahead of our peak summer trading period. *Smith's Family Kitchen* is a new high-quality range of over 30 products offering a broad array of sandwiches, wraps and salads, including a premium range. Customer reaction has been positive and sales are ahead of our expectations.

Hospitals

The hospital channel, our second largest channel in Travel UK by revenue, continued its very strong growth with total revenue up 14% and LFL revenue up 12% in the year.

Our ongoing success in this channel illustrates our ability to generate increased profitability from our stores by improving our retail proposition. For example, tailoring our product offer to the specific requirements of hospital staff, patients and visitors by providing an increased range of food, health and beauty and tech accessories.

During the second half of the year and following the success of our *Smith's Family Kitchen* food launch, we opened our first café under the *Smith's Kitchen* brand at Princess Anne Hospital in Southampton. While it is still early days, this new format is performing in line with our expectations and customer feedback has been positive.

We see plenty more opportunities for us to continue to grow in this channel through our broad suite of brands (WHSmith, Marks & Spencer Simply Food, Costa Coffee and our proprietary coffee brands). We opened 6 stores during the year. We currently have 145 stores across over 100 hospitals and we can see scope for at least one of our formats in up to 200 further hospitals.

Rail

Rail is also an attractive market. During the year, we delivered a strong performance with total revenue up 13% and LFL revenue up 11%.

We continue to invest in new formats and in new opportunities in Rail which meet landlord and customer needs. This includes improving ranges to increase spend per passenger and customer conversion and driving ATV growth. For example, widening our tech and health and beauty ranges across many of our stores and, more recently, refurbishing our mainline rail stores at Kings Cross and Charing Cross stations to provide an improved customer proposition and experience.

During the year, we opened 5 new rail stores in Ealing Broadway, London Euston, London Victoria and Milton Keynes stations.

NORTH AMERICA

North America, the world's largest travel market, is our most exciting growth opportunity where we see excellent prospects for further growth in our airport business. This division will continue to become an increasingly significant part of the Group and is now our second largest division in profit terms, after Travel UK.

During the year, we delivered a good performance with 40 new store openings, and passenger numbers in Air continued to grow. We have increased revenue by 9%[4] on a constant currency basis, improved gross margins and we continue to invest in our store estate. Total revenue was £401m (2023: £380m), an increase of 6%. Headline trading profit[1] was up 10% to £54m (2023: £49m).

Our North American business is subject to changes in the GBP:USD exchange rates. A 5 cent change in this rate results in a c.£3m movement in annual Headline trading profit[1].

Our Air business, the largest part of our North American division, combines our Travel Essentials and InMotion businesses. LFL revenue in Air was up 1% and total growth on a constant currency basis was up 14%.

Travel Essentials is the largest, fastest growing part of our North American business and where we are investing the majority of our capital. In Travel Essentials, we delivered a strong performance with LFL revenue up 7% in the year. We see further good opportunities to win and open more Travel Essentials stores in Air, delivering good returns, as we aim to grow our market share to around 20% by 2028. By 2028, we would expect to be operating around 500 stores and our overall Air business to be around 85% of the total North American division which will drive higher growth and profitability.

A key driver of our growth to date has been our ability to win significant new tenders. We are currently part of a large number of live tenders and we continue to grow the business at pace.

We opened a further 40 (net of closures, 14) stores in the year increasing our market share and improving the quality of our space. This included opening new stores at Denver, Chicago O'Hare and Washington Ronald Reagan airports. Early results are good, and customer and landlord feedback has been positive. During the year, we also closed 26 stores, 16 of which were mainly in two hotels which closed in Las Vegas and consistent with our strategy of improving the quality of our store estate.

We still have a very strong pipeline of new store openings and our success to date in winning tenders demonstrates why we remain confident in our ability to continue to win market share.

We have recently won 24 new airport stores at Dallas, Denver and Washington Dulles, and we are the preferred bidder at two major US airports. These wins include two Starbucks stores following a new franchise agreement. This is an exciting partnership as it opens up plenty more opportunities across North America as we expand our coffee offer.

We continue to make good progress and, as we build scale, we are also investing in our supply chain capabilities, for example, on the East Coast to more effectively serve our growing store estate and this is generating good efficiencies.

We now have a new store pipeline of c.60 stores due to open primarily over the next two years and currently we anticipate closing c.15 stores.

Including the 40 store openings in the year, we now have 256 stores in Air (including 124 InMotion stores), 83 stores in Resorts and 2 stores in Rail.

Revenue growth by key channels

	Revenue (% change) Year to 31 August 2024		
	Total vs 2023	**Total at constant currency[4] vs 2023**	**LFL[1] vs 2023**
Air	10%	14%	1%
Resorts	(11)%	(8)%	(3)%
Total North America	**6%**	**9%**	**-%**

LFL revenue in our Travel Essentials business was up 7% and we see further opportunities for improvement in revenue and profitability by applying our retail expertise.

Our approach to growing our Air business in North America is similar to the UK but it is at a much earlier stage of development.

During the year, we have focused on improving the quality and efficiency of our estate and driving profitability by applying the retail disciplines from our UK stores. Using data from stores that have been trading for an extended period, we are actively analysing our space to enhance our ranges, introduce new categories and reviewing space allocation. While it takes time to implement these changes in the US, they are delivering encouraging early results.

Some of the specific actions we are taking include: increasing the space allocated to food and drinks across our stores; rolling out chillers to our key stores; improving presentation at the checkout for impulse purchases; and we are introducing tech accessories into our Travel Essentials stores.

We are making good progress and there are further opportunities going forward as we focus on improving the operational performance of this business and margin enhancement.

The smaller part of our Air business is InMotion. LFL revenue was down 5%. Since acquisition in 2018, we have doubled the profits and improved margins significantly by over 500 bps by working closely with our suppliers, reducing operating costs and fully integrating into our Air business. This integration was completed in the year with all our stores now run by one operations team. In addition, we have successfully used the brand to grow our business overseas.

InMotion has an important role in the Group: it resonates strongly with customers; it enables us to offer a market leading tech brand to landlords as part of tenders; to maintain strong global relationships with key brands such as Apple and Bose; to offer a broader selection of branded tech accessories in our Travel Essentials stores and; to broaden our higher margin own brand accessories ranges such as the Good Vibes range which is performing well.

With the lack of innovation in the headphone market, we continue to actively shift the mix more towards higher margin tech accessories. Given this dynamic, we don't anticipate any change in sales trends in InMotion in the short-term, however this should result in improved margin accretion in the longer term.

In the Resorts business, which is centred around Las Vegas, we saw total revenue on a constant currency basis down 8% reflecting the closure of 16 stores following primarily two hotel closures on the Strip which will also have an annualisation impact this year. LFL revenue was down 3% in the year, reflecting a higher mix of conference attendees. We are seeing a similar sales trend this year which is a little softer than we had anticipated, and we continue to rebalance the space to reflect the greater mix of conference visitors.

REST OF THE WORLD

Total revenue in ROW was up 18%[4] on a constant currency basis with LFL revenue up 9%. Headline trading profit[1] was £13m (2023: £13m) reflecting pre-opening costs and investment in new stores in the first half. Headline trading profit[1] was up £3m on the previous year in the second half.

Our approach is clear: to continue to enter new countries using our three operating models of directly-run, joint venture and franchise, building our presence and, over time, leveraging our fixed cost base to grow net margins.

We are in a strong position and we continue to make good progress entering new markets. During the year, we opened 52 new stores, including stores in Australia, UAE, Hungary and Spain and including acquiring three rail stores in Ireland. We closed 34 stores, of which 16 were franchised.

In the second half of the year, we opened a new 2,900 sq ft flagship store at Budapest Airport, a new market for WHSmith. Budapest is a great example of how we have localised the store design to create bespoke stores and we see further good opportunities to do this across all markets.

We remain well positioned to benefit from further opportunities as more space becomes available. We now have 356 stores open and a further c.28 won and yet to open. Of the 356 stores open, 51% are directly-run, 8% are joint venture and 41% are franchise. During the current financial year, we expect to open c.25 stores and close c.3 stores.

Total Travel stores

	Year ended 31 August 2024			
No. of stores	Travel UK	North America	ROW	**Total Travel**
At 1 September 2023	588	327	338	**1,253**
Opened	14	40	52	**106**
Closed	(8)	(26)	(34)	**(68)**
Net openings	6	14	18	**38**
At 31 August 2024	**594**	**341**	**356**	**1,291**
Closures:				
Relocations / loss-makers	(8)	(4)	(6)	**(18)**
Franchised	-	-	(16)	**(16)**
Resorts – hotel closures	-	(16)	-	**(16)**
Lease expiries	-	(6)	(12)	**(18)**
	(8)	(26)	(34)	**(68)**

During the year, we opened 106 stores in Travel. As at 31 August 2024, our global Travel business operated from 1,291 stores (2023: 1,253). As part of our strategy to improve the quality of our space, we closed 68 stores in the year. Eighteen closures were the result of relocations or removing loss makers, 16 were mainly in 2 resort hotels which closed down in Las Vegas and, in our Rest of the World division, 16 were small, franchised stores. We saw an above average number of closures in the year as we would not expect further hotels to close in Las Vegas nor such significant rationalisation of the franchise portfolio. Outside of planned redevelopment, all of these closures were actioned in line with our strategy. Our focus will remain on opening more stores and better quality space. As a result, we expect to see further store closures in the current financial year of c.20 stores and to open a further c.60 stores.

Excluding franchise stores, Travel occupies 1.2m square feet (2023: 1.1m square feet). See page 19 for analysis of store numbers by region.

HIGH STREET

During the year, High Street delivered a performance in line with our expectations with Headline trading profit[1] of £32m (2023: £32m), and revenue of £452m (2023: £469m). We managed the business tightly, keeping focused on costs and cash generation. LFL revenue was down 2% on last year.

As we grow Travel, the High Street division will become a smaller part of the overall Group. This division now accounts for around 15% of full year Group profit from trading operations[1].

Our strategy for our High Street business is clear and consistent: to manage our space to maximise returns and maintain a flexible cost structure. The strategy remains as relevant today as it has ever been and focuses on delivering robust and sustainable cash flows and profits.

We utilise our space to maximise returns in ways that are sustainable over the longer-term. We have extensive and detailed space and range elasticity data for every store which we use to allocate space in categories. We continue to manage our space in High Street to maximise returns and maintain a flexible cost structure and it continues to deliver good results.

As part of this space management, we successfully opened 30 Toys “R” Us shop in shops in the second half of the year and following their success, we are in the process of opening a further 37 ahead of this Christmas.

Driving efficiencies remains a core part of our strategy and we continue to focus on all areas of cost in the business. During the year, we have delivered savings of £16m and we are on track to deliver savings of £26m over the next 3 years, of which £11m are planned in the current financial year. These savings come from right across the business, including rent savings of 35% at lease renewal as well as marketing efficiencies and productivity gains from our supply chain.

Over the years, we have actively looked to put as much flexibility into our store leases as we can, and this leaves us well positioned in the current environment where rents are falling. The average lease length in our High Street business, including where we are currently holding over at lease end, is under 2 years. We only renew a lease where we are confident of delivering economic value over the life of that lease. We have c.470 leases due for renewal over the next 3 years, including over 100 where we are holding over and in negotiation with the landlord. The store closure process is broadly cash neutral.

As at 31 August 2024, the High Street business operated from 500 stores (2023: 514) which occupy 2.4m square feet (2023: 2.5m square feet). 14 stores were closed in the year (2023: 13).

Funkypigeon.com delivered total revenue of £32m (2023: £32m) and Headline EBITDA[1] of £6m (2023: £5m). We continue to see opportunities to grow revenue and profit over the medium term. This year will be a year of investment with higher levels of spend on the platform and brand than in 2024.

ENVIRONMENTAL AND SOCIAL GOVERNANCE ('ESG')

We have excellent sustainability credentials and we continue to make good progress. We know that our customers, colleagues and business partners all want us to act in a responsible way and that operating sustainably enables better business performance.

We are one of the top performing speciality retailers in Morningstar's Sustainalytics ESG Benchmark and, during the year, we were awarded an ESG rating of AAA from MSCI. In addition, we were included, once again, in the Dow Jones World Sustainability Index and awarded an A rating in CDP's annual climate leadership survey.

Our Scope 1 and 2 emissions continue to fall and we reached our target for 30% of our supply chain emissions to be covered by science-based targets by the end of the year.

We continue to champion children's literacy in partnership with the National Literacy Trust. Our financial assistance is providing direct early years' support to families in communities where help is needed.

FINANCIAL REVIEW

	IFRS		Headline pre-IFRS 16[1]	
£m	**2024**	**2023**	**2024**	**2023**
Travel UK trading profit[1]	**126**	101	**122**	102
North America trading profit[1]	**58**	52	**54**	49
Rest of the World trading profit[1]	**18**	13	**13**	13
Total Travel trading profit[1]	**202**	166	**189**	164
High Street trading profit[1]	**39**	43	**32**	32
Group profit from trading operations[1]	**241**	209	**221**	196
Unallocated central costs	**(28)**	(27)	**(28)**	(27)
Group operating profit before non-underlying items[1]	**213**	182	**193**	169
Net finance costs[12]	**(52)**	(45)	**(27)**	(26)
Group profit before tax and non-underlying items[1]	**161**	137	**166**	143
Non-underlying items[1, 12]	**(55)**	(26)	**(56)**	(13)
Non-underlying items – Finance costs[1]	**-**	(1)	**(1)**	(2)
Group profit before tax	**106**	110	**109**	128
Income tax charge	**(29)**	(22)	**(30)**	(26)
Profit for the period	**77**	88	**79**	102
Attributable to:				
Equity holders of the parent	**67**	79	**69**	93
Non-controlling interests	**10**	9	**10**	9
	77	88	**79**	102

Total Travel Headline trading profit[1] in the year was £189m (2023: £164m) of which the largest division, Travel UK, generated a Headline trading profit[1] of £122m (2023: £102m). North America delivered £54m (2023: £49m), ROW £13m (2023: £13m) and High Street £32m (2023: £32m)

Group generated a Headline profit before tax and non-underlying items[1] of £166m (2023: £143m).

[12] Excluding non-underlying Finance costs disclosed below

Net finance costs

	IFRS		Headline pre-IFRS 16[1]	
£m	**2024**	**2023**	**2024**	**2023**
Interest payable on bank loans and overdrafts	**13**	12	**13**	12
Interest on convertible bonds	**14**	14	**14**	14
Interest on lease liabilities	**25**	19	**-**	-
Net finance costs before non-underlying items	**52**	45	**27**	26

Headline net finance costs before non-underlying items[1] (pre-IFRS 16) for the year were £27m (2023: £26m). This includes cash costs of £18m and £8m relating to the non-cash debt accretion charge from the convertible bond which has a fixed coupon of 1.625%.

Lease interest of £25m arises on lease liabilities recognised under IFRS 16, bringing the total net finance costs before non-underlying items on an IFRS 16 basis to £52m (2023: £45m).

Tax

The effective tax rate[1] was 23% (2023: 19%) on the profit for the year, reflecting the increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. Net corporation tax payments in the year were £18m (2023: £13m) after using all possible loss relief. Based on current legislation, we expect the effective tax rate[1] in the current financial year to be around 25%.

Earnings per share

Calculation of Headline diluted earnings per share[1]

	Headline pre-IFRS 16[1]	
	2024	**2023**
Headline profit before tax[13] (£m)	**166**	143
Income tax expense[13] (£m)	**(39)**	(28)
Headline profit for the year[13] (£m)	**127**	115
Attributable to non-controlling interests (£m)	**(10)**	(9)
Headline profit for the year attributable to equity holders of WH Smith PLC[13] (£m)	**117**	106
Weighted average shares in issue (diluted) (no. of shares - millions)	**131**	132
Headline diluted EPS[13] (p)	**89.3p**	80.3p

The above measures are calculated on a pre-IFRS 16 basis.

Headline diluted EPS was 89.3p (2023: 80.3p), an increase of 11% on the previous year.

EPS calculated on an IFRS 16 basis is provided in Note 8 to the financial statements, and a reconciliation between the IFRS 16 and pre-IFRS 16 earnings per share is provided in Note A4 to the Glossary on page 50.

The diluted weighted average number of shares in issue used in the calculation of Headline diluted EPS[1] assumes that the convertible bond is not dilutive and reflects the number of shares held by the ESOP Trust.

Profit attributable to non-controlling interests primarily represents the joint venture partner share of profit in relation to airport contracts in the USA. For the year ended 31 August 2024, the profit attributable to non-controlling interests was £10m (2023: £9m).

[13] Before non-underlying items

Non-underlying items[1]

Items which are not considered part of the normal operating costs of the business, are non-recurring and are exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Non-underlying items in the year in the Income Statement and Statement of Comprehensive Income are detailed in the table below.

		IFRS		Headline pre-IFRS 16[1]	
£m	**Ref.**	**2024**	**2023**	**2024**	**2023**
Items included in the Income statement					
Amortisation of acquired intangible assets	(1)	**(3)**	(3)	**(3)**	(3)
Impairment of non-current assets	(2)	**(30)**	(19)	**(23)**	(4)
Provisions for onerous contracts	(3)	**(6)**	(3)	**(11)**	(5)
Transformation programmes – supply chain and IT	(4)	**(9)**	-	**(9)**	-
Costs associated with pensions	(5)	**(2)**	(1)	**(2)**	(1)
IFRS 16 remeasurement gains	(6)	**3**	-	**-**	-
Costs relating to M&A activity and Group legal entity structure	(7)	**(4)**	-	**(4)**	-
Re-platform of whsmith.co.uk and other costs	(8)	**(4)**	-	**(4)**	-
Total non-underlying items recognised in the income statement before finance costs		**(55)**	(26)	**(56)**	(13)
Finance costs associated with onerous contracts	(3)	**-**	-	**(1)**	(1)
Finance costs associated with refinancing		**-**	(1)	**-**	(1)
Total non-underlying items recognised in the income statement		**(55)**	(27)	**(57)**	(15)
Items included in the Statement of comprehensive income					
Remeasurement of the recoverability of the retirement benefit surplus	(5)	**87**	-	**87**	-
Total non-underlying items including items recognised in the Statement of comprehensive income		**32**	(27)	**30**	(15)

(1) Amortisation of acquired intangible assets

Non-cash amortisation of acquired intangible assets of £3m (2023: £3m) primarily relate to the MRG and InMotion brands.

(2) Impairment of non-current assets

The Group has carried out an assessment for indicators of impairment of non-current assets across the store and online portfolio.

Where an indicator of impairment has been identified, an impairment review has been performed to compare the value-in-use of cash generating units, based on management's assumptions regarding likely future trading performance, anchored in the latest Board approved budget and three-year plan, to the carrying value of the cash-generating unit as at 31 August 2024.

As a result of this exercise, a non-cash charge of £23m (2023: £4m) was recorded within non-underlying items for impairment of non-current assets on a pre-IFRS 16 basis, of which £18m (2023: £4m) relates to property, plant and equipment, £5m (2023: £nil) relates to intangible assets (primarily software). On an IFRS 16 basis the total impairment charge of £30m (2023: £19m) comprises £15m property, plant and equipment (2023: £4m), £5m intangible assets (2023: £nil) and £10m (2023: £15m) right-of-use assets.

Included in the impairment values above are impairments of property, plant and equipment connected with Board-approved programmes relating to supply chain and IT transformation, as well as the reconfiguration of the Group's online operations. Assets have been impaired where their use is planned to be discontinued as a result of these programmes.

(3) Provisions for onerous contracts

A charge of £11m on a pre-IFRS 16 basis (2023: £5m; IFRS 16 basis £6m; 2023: £3m) has been recognised in the income statement to provide for the unavoidable costs of continuing to service a number of non-cancellable supplier and lease contracts where the space is vacant, a contract is loss-making or currently not planned to be used for ongoing operations. This provision will be utilised over the next two to four financial years. The unwinding of the discount on provisions for onerous contracts is treated as an imputed interest charge, and has been recorded in non-underlying finance costs.

(4) Transformation programmes

Costs of £9m have been classified as non-underlying in relation to a number of Board-approved programmes relating to supply chain (£4m) and IT transformation (£5m) (2023: £nil).

The supply chain transformation programme includes costs related to outsourcing the Group's distribution centres and core distribution network to a third party (GXO) and costs of reconfiguration of the Group's UK distribution centres, in order to generate a more efficient and productive supply chain to support the performance and growth of the Group's UK businesses. This project is expected to conclude in 2025, incurring similar costs as in 2024.

The IT transformation programme includes costs relating to upgrading core IT infrastructure, data migration and investment in data security, store systems modernisation and other significant IT projects. These strategic projects will provide additional stability, longevity and operational benefits. The implementation will cover several years and we anticipate costs in 2025 to be similar to 2024.

These multi-year programmes are reported as non-underlying items on the basis that they are significant in quantum, relate to a Board-approved programme and to aid comparability from one period to the next.

(5) Costs associated with pensions

Costs of £2m (2023: £1m) have been incurred relating to professional fees associated with the buyout of WHSmith Pension Trust which was completed in September 2024 (see Note 16).

This resulted in the recognition of an £87m gain being remeasurement of the recoverability of the retirement benefit surplus which is included in the Group's Statement of other comprehensive income.

Subsequent to the completion of the buyout, on 10 September the remaining surplus in the scheme of £87m was transferred to the Group, comprising cash of £75m and investments of £12m.

(6) IFRS 16 remeasurement gains

Non-underlying IFRS 16 remeasurement gains result from the derecognition of lease liabilities on exit from certain locations in which right-of-use assets were previously impaired.

(7) Costs relating to M&A activity and Group legal entity structure

Costs incurred during the year include c.£2m of professional and legal fees in relation to a reorganisation of the Group's legal entity structure, c.£1m relating to acquisition and integration costs of two small acquisitions in Ireland and Australia, and c.£1m relating to final integration costs of the North American businesses.

(8) Re-platform of whsmith.co.uk and other costs

Other non-underlying items recognised during the year of £4m include some restructuring costs, stock write-offs and IT costs in relation to the reconfiguration of the Group's online operations, and costs associated with the resolution of a long running dispute.

A tax credit of £9m (2023: £5m) has been recognised in relation to the above items (£9m pre-IFRS 16 (2023: £2m)).

Cash flow

Free cash flow[1] reconciliation

	pre-IFRS 16[1]	
£m	**2024**	**2023**
Headline Group operating profit before non-underlying items[1]	**193**	169
Depreciation, amortisation and impairment (pre-IFRS 16)[14]	**60**	52
Non-cash items	**14**	14
Operating cash flow[1, 14]	**267**	235
Capital expenditure[8]	**(129)**	(122)
Working capital (pre-IFRS 16)[14]	**(49)**	(64)
Net tax paid	**(18)**	(13)
Net finance costs paid (pre-IFRS 16)[14]	**(18)**	(16)
Free cash flow[1]	**53**	20

The Group generated an operating cash flow[1] of £267m in the year (2023: £235m) demonstrating the cash generative nature of the business. Capex was £129m[8] (2023: £122m) as we continued to invest in new stores, IT and energy efficient chillers and other store equipment. As expected, we had a working capital outflow of £49m in the year (2023: outflow of £64m). This mainly relates to investment in new stores, deferred rent payments in Travel relating to the pandemic and some timing. Most of the outflow was in the first half. This year, we expect a much smaller outflow mainly relating to opening new stores. In total, there was a free cash inflow in the year of £53m (2023: £20m). This year, we would expect, subject to investment opportunities, an increase in free cash generation.

Net corporation tax payments in the period were £18m (2023: £13m).

Capex[8] was £129m (2023: £122m) which includes the additional spend from opening over 100 stores around the world.

£m	2024	2023
New stores and store development	**67**	58
Refurbished stores	**19**	20
Systems	**15**	19
Other	**28**	25
Total capital expenditure	**129**	122

[14] Excludes cash flow impact of non-underlying items

Reconciliation of Headline net debt[1]

Headline net debt[1] is presented on a pre-IFRS 16 basis. See Note 9 of the Financial statements and Note A8 of the Glossary for the impact of IFRS 16 on net debt.

As at 31 August 2024, the Group had Headline net debt[1] of £371m comprising convertible bonds of £310m and net overdrafts of £61m (2023: £330m, convertible bonds of £301m, £1m of finance lease liabilities and net overdrafts of £28m).

	Headline[1] pre-IFRS 16	
£m	**2024**	**2023**
Opening Headline net debt[1]	**(330)**	(296)
Free cash flow[1]	**53**	20
Dividends paid	**(41)**	(22)
Non-underlying items[1]	**(28)**	(9)
Net purchase of own shares for employee share schemes	**(12)**	(8)
Other	**(13)**	(15)
Closing Headline net debt[1]	**(371)**	(330)
Net overdraft	**(61)**	(28)
Convertible bond	**(310)**	(301)
Finance leases (pre-IFRS 16)	**-**	(1)
Headline net debt[1]	**(371)**	(330)

In addition to the free cash flow, the Group had outflows relating to the dividend of £41m (2023: £22m) being the final dividend from 2023 and the interim dividend from 2024; £12m (2023: £8m) on own shares for the Group's share schemes and £28m (2023: £9m) of non-underlying items which mainly relate to transformation and restructuring projects, pensions, capex incurred on previously impaired stores and spend relating to prior year property provisions. Other includes non-cash accretion on the convertible bond, and payments to non-controlling interests.

On an IFRS 16 basis, net debt was £997m (2023: £895m), which includes an additional £626m (2023: £565m) of lease liabilities.

Fixed charges cover[1]

	pre-IFRS 16[1]	
£m	**2024**	**2023**
Headline net finance costs before non-underlying items [1]	**27**	26
Headline net operating lease charges (pre-IFRS 16)[1] (Note A12)	**365**	326
Total fixed charges	**392**	352
Headline profit before tax and non-underlying items[1]	**166**	143
Headline profit before tax, non-underlying items and fixed charges	**558**	495
Fixed charges cover - times	**1.4x**	1.4x

Fixed charges, comprising property operating lease charges and net finance costs, were covered 1.4 times (2023: 1.4 times) by Headline profit before tax, non-underlying items and fixed charges.

Return on capital employed[1]

	ROCE %	
	2024	**2023**
Travel UK	**36%**	32%
North America	**16%**	17%
Rest of the World	**23%**	28%
Total Travel	**26%**	25%
High Street	**37%**	47%
Group	**24%**	25%

Return on capital employed is calculated as the Headline trading profit[1] as a percentage of operating capital employed, and is stated on a pre-IFRS 16 basis. Operating capital employed is calculated as the 12-month average net assets, excluding net debt, retirement benefit surplus/obligation and net current and deferred tax balances.

Balance sheet

	IFRS		Headline[1] pre-IFRS 16	
£m	**2024**	**2023**	**2024**	**2023**
Goodwill and other intangible assets	**490**	505	**491**	506
Property, plant and equipment	**316**	270	**308**	263
Right-of-use assets	**505**	444	**-**	-
Investments in joint ventures	**2**	2	**2**	2
	1,313	1,221	**801**	771
Inventories	**217**	205	**217**	205
Payables less receivables	**(190)**	(219)	**(183)**	(216)
Working capital	**27**	(14)	**34**	(11)
Net current and deferred tax asset	**33**	45	**33**	45
Provisions	**(17)**	(17)	**(28)**	(26)
Operating assets	**1,356**	1,235	**840**	779
Net debt	**(997)**	(895)	**(371)**	(330)
Net assets excluding retirement benefit surplus	**359**	340	**469**	449
Retirement benefit surplus	**87**	-	**87**	-
Total net assets	**446**	340	**556**	449

The Group had Headline net assets excluding the retirement benefit surplus of £469m, £20m higher than last year end reflecting the investment in new store openings and exchange differences on translation of goodwill. Under IFRS the Group had net assets before the retirement benefit surplus of £359m (2023: £340m).

Events after the balance sheet date

As at 13 November 2024, the Company has repurchased 0.4m of its own shares in the open market as part of the Company's share buyback programme for a consideration of £6m.

Subsequent to the completion of the buyout of the WHSmith Pension Trust, on 10 September 2024 the remaining surplus in the scheme of £87m was transferred to the Group, comprising cash of £75m and investments of £12m.

Following the publication of an HMRC newsletter on 24 October 2024, the Group has become aware of a difference in interpretation of the rules on the calculation of the tax due between the Trustee and HMRC on the surplus arising from the buyout of the defined benefit pension scheme. As a result, the Group could be required to reimburse the Trustee £6m. This has not been recorded as a liability in the financial statements of the Group as at 31 August 2024.

Total Travel stores by region

No. of stores		**At 31 August 2024**
Travel UK		**594**
North America		
	Air	**256**
	Resorts / Rail	**85**
	Total North America	**341**
Rest of the World		
	Europe	**146**
	Middle East and India	**92**
	Asia Pacific	**118**
	Total Rest of the World	**356**
Total Travel		**1,291**

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Board regularly reviews and monitors the risks and uncertainties that could have a material effect on the Group's financial results. The principal risks and uncertainties that could lead to a material impact have not significantly changed from those listed in the Annual Report and Accounts 2023. No new principal risks were identified in the year, however there were four risks where the potential impact had increased over the year, with the remaining risks having no change in their overall impact. We have also recognised that the ongoing global conflicts have created further uncertainty in the macro economy. A summary of the principal risks has been provided below:

Risk and change in risk level	**Impact**
Economic, political, competitive and market risks – *increased*	The Group operates in highly competitive markets and in the event of failing to compete effectively with travel, convenience and other similar product category retailers, this may affect revenues obtained through our stores. Failure to keep abreast of market developments, including the use of new technology, could threaten our competitive position. Factors such as the economic climate, levels of household disposable income, seasonality of revenue, changing demographics and customer shopping patterns, and raw material costs could impact on profit performance. The Group may also be impacted by political developments both in the UK and internationally, such as regulatory and tax changes, increasing scrutiny by competition authorities and other changes in the general condition of retail and travel markets or impacts from further geopolitical threats or escalation in global conflict.
Brand and reputation – *no change*	The WHSmith brand is an important asset and failure to protect it from unfavourable publicity could materially damage its standing and the wider reputation of the business, adversely affecting revenues. As the Group continues to expand its convenience offer in travel locations, introducing a wider range of products, associated risks include compliance with food hygiene and health and safety procedures, product and service quality, environmental or ethical sourcing, and associated legislative and regulatory requirements.
Key suppliers and supply chain management – *no change*	The Group has agreements with key suppliers in the UK, Europe and Asia and other countries in which it operates. The interruption or loss of supply of core category products from these suppliers to our stores may affect our ability to trade. Quality of supply issues may also impact the Group's reputation and impact our ability to trade.
Store portfolio – *no change*	The quality and location of the Group's store portfolio are key contributors to the Group's strategy. Retailing from a portfolio of good quality real estate in prime retail areas and key travel hubs at commercially reasonable rates remains critical to the performance of the Group. Most Travel stores are held under concession agreements, on average for five to ten years, although there is no guarantee that concessions will be renewed or that Travel will be able to bid successfully for new contracts. All of High Street's stores are held under leases, and consequently the Group is exposed, to the extent that any store becomes unviable as a result of rental costs.
Business interruption – *increased*	An act of terrorism or war, or an outbreak of a pandemic, could reduce the number of customers visiting WHSmith outlets, causing a decline in revenue and profit. In the past, our Travel business has been particularly impacted by geopolitical events such as major terrorist attacks, which have led to reductions in customer traffic. Closure of travel routes both planned and unplanned, such as the disruption caused by natural disasters or weather-related events, may also have a material

	effect on business. The Group operates from three distribution centres and the closure of any one of them may cause disruption to the business. In common with most retail businesses, the Group also relies on a number of important IT systems, where any system performance problems, cyber risks or other breaches in data security could affect our ability to trade.
Reliance on key personnel – *no change*	The performance of the Group depends on its ability to continue to attract, motivate and retain key head office and store staff. The retail sector is very competitive and the Group's personnel are frequently targeted by other companies for recruitment.
International expansion – *increased*	The Group continues to expand internationally. In each country in which the Group operates, the Group may be impacted by political or regulatory developments, or changes in the economic climate or the general condition of the travel market.
Cyber risk, data security and GDPR compliance – *increased*	The Group is subject to the risk of systems breach or data loss from various sources including external hackers or the infiltration of computer viruses. Theft or loss of Company or customer data or potential damage to any systems from viruses, ransomware or other malware, or non-compliance with data protection legislation, could result in fines and reputational damage to the business that could negatively impact our revenue.
Treasury, financial and credit risk management – *no change*	The Group's exposure to and management of capital, liquidity, credit, interest rate and foreign currency risk are analysed further in Note 21 on page 149 of the Annual Report and Accounts 2023. The Group also has credit risk in relation to its trade and other receivables and sale or return contracts with suppliers.
Environment and Social Sustainability – *no change*	Our investors, customers and colleagues expect us to conduct our business in a responsible and sustainable way. Climate change is now recognised as a global emergency. Failure to effectively respond and influence our value chain and wider stakeholders to decarbonise could damage our reputation and introduce higher costs. Delivery against our sustainability targets and meeting regulatory obligations is vital. We have identified several climate related risks, including; - Increases in the cost of energy and fuel from carbon pricing and changing market dynamics; - Disruption to supply of goods caused by acute and chronic changes in weather patterns. Although the impact is limited over our outlook period, these risks are potentially significant over the longer term.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulations.

This announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this announcement should be construed as a profit forecast. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

WH Smith PLC
Group Income Statement
For the year ended 31 August 2024

£m	Note	2024 Before non-underlying items[1]	2024 Non-underlying items[2]	2024 Total	2023 Before non-underlying items[1]	2023 Non-underlying items[2]	2023 Total
Revenue	2	**1,918**	**-**	**1,918**	1,793	-	1,793
Group operating profit/(loss)	2, 3	**213**	**(55)**	**158**	182	(26)	156
Finance costs	5	**(52)**	**-**	**(52)**	(45)	(1)	(46)
Profit/(loss) before tax		**161**	**(55)**	**106**	137	(27)	110
Income tax (expense)/credit	6	**(38)**	**9**	**(29)**	(27)	5	(22)
Profit/(loss) for the year		**123**	**(46)**	**77**	110	(22)	88
Attributable to equity holders of the parent		**113**	**(46)**	**67**	101	(22)	79
Attributable to non-controlling interests		**10**	**-**	**10**	9	-	9
		123	**(46)**	**77**	110	(22)	88
Earnings per share							
Basic	8			**51.9p**			60.8p
Diluted	8			**51.1p**			59.8p

All results relate to continuing operations of the Group.

[1] Alternative performance measure. The Group has defined and explained the purpose of its alternative performance measures in the Glossary on page 50.

[2] See Note 4 for an analysis of non-underlying items. See Glossary on page 50 for a definition of Alternative Performance Measures.

WH Smith PLC
Group Statement of Comprehensive Income
For the year ended 31 August 2024

£m	Note	2024	2023
Profit for the year		**77**	88
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of the recoverability of retirement benefit surplus	16	**87**	-
Actuarial gains on defined benefit pension schemes	16	**2**	1
		89	1
Items that may be reclassified subsequently to the income statement:			
Losses on cash flow hedges			
- Net fair value losses		**-**	(3)
Exchange differences on translation of foreign operations		**(15)**	(40)
		(15)	(43)
Other comprehensive income/(loss) for the year, net of tax		**74**	(42)
Total comprehensive income for the year		**151**	46
Attributable to equity holders of the parent		**142**	39
Attributable to non-controlling interests		**9**	7
		151	46

WH Smith PLC
Group Balance Sheet
As at 31 August 2024

£m	Note	2024	2023
Non-current assets			
Goodwill	11	**426**	436
Other intangible assets	11	**64**	69
Property, plant and equipment	12	**316**	270
Right-of-use assets	13	**505**	444
Investments in joint ventures		**2**	2
Deferred tax assets		**33**	43
Trade and other receivables		**12**	9
		1,358	1,273
Current assets			
Inventories		**217**	205
Trade and other receivables		**150**	112
Retirement benefit surplus	16	**87**	-
Derivative financial assets		**-**	1
Current tax receivable		**1**	3
Cash and cash equivalents	9	**56**	56
		511	377
Total assets		**1,869**	1,650
Current liabilities			
Trade and other payables		**(352)**	(340)
Bank overdrafts and other borrowings	9	**(117)**	(84)
Lease liabilities	14	**(125)**	(116)
Derivative financial liabilities		**-**	(1)
Current tax liability		**(1)**	(1)
Short-term provisions		**(4)**	(1)
		(599)	(543)
Non-current liabilities			
Bank loans and other borrowings	9	**(310)**	(301)
Long-term provisions		**(13)**	(16)
Lease liabilities	14	**(501)**	(450)
		(824)	(767)
Total liabilities		**(1,423)**	(1,310)
Total net assets		**446**	340
Shareholders' equity			
Called up share capital		**29**	29
Share premium		**316**	316
Capital redemption reserve		**13**	13
Translation reserve		**(9)**	5
Other reserves		**(268)**	(255)
Retained earnings		**335**	209
Total equity attributable to equity holders of the parent		**416**	317
Non-controlling interests		**30**	23
Total equity		**446**	340

WH Smith PLC
Group Cash Flow Statement
For the year ended 31 August 2024

£m	Note	2024	2023
Operating activities			
Cash generated from operating activities	10	**335**	302
Interest paid[1]		**(42)**	(35)
Financing arrangement fees		**-**	(3)
Income taxes paid		**(18)**	(15)
Income taxes refunded		**-**	2
Net cash inflow from operating activities		**275**	251
Investing activities			
Purchase of property, plant and equipment		**(115)**	(106)
Purchase of intangible assets		**(16)**	(16)
Acquisition of subsidiaries, net of cash acquired	17	**(6)**	-
Net cash outflow from investing activities		**(137)**	(122)
Financing activities			
Dividends paid		**(41)**	(22)
Purchase of own shares for employee share schemes		**(12)**	(8)
Distributions to non-controlling interests		**(6)**	(6)
Repayment of term loans	9	**-**	(133)
Net drawdown on short term borrowings	9	**33**	84
Capital repayments of obligations under leases	9	**(112)**	(118)
Net cash outflow from financing activities		**(138)**	(203)
Net decrease in cash and cash equivalents in the year		**-**	(74)
Opening cash and cash equivalents		**56**	132
Effect of movements in foreign exchange rates		**-**	(2)
Closing cash and cash equivalents	9	**56**	56

[1] Includes interest payments of £24m on lease liabilities (2023: £19m).

WH Smith PLC
Group Statement of Changes in Equity
For the year ended 31 August 2024

£m	Called up share capital and share premium	Capital redemption reserve	Translation reserves	Other reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 September 2023	**345**	**13**	**5**	**(255)**	**209**	**317**	**23**	**340**
Profit for the year	**-**	**-**	**-**	**-**	**67**	**67**	**10**	**77**
Other comprehensive (loss)/income:								
Remeasurement of the recoverability of retirement benefit surplus (Note 16)	**-**	**-**	**-**	**-**	**87**	**87**	**-**	**87**
Actuarial gains on defined benefit pension schemes (Note 16)	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Exchange differences on translation of foreign operations	**-**	**-**	**(14)**	**-**	**-**	**(14)**	**(1)**	**(15)**
Total comprehensive (loss)/income for the year	**-**	**-**	**(14)**	**-**	**156**	**142**	**9**	**151**
Employee share schemes	**-**	**-**	**-**	**(13)**	**12**	**(1)**	**-**	**(1)**
Dividends paid (Note 7)	**-**	**-**	**-**	**-**	**(41)**	**(41)**	**-**	**(41)**
Deferred tax on share-based payments	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**-**	**(1)**
Distributions to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**	**(6)**
Non-cash movement on non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**4**
Balance at 31 August 2024	**345**	**13**	**(9)**	**(268)**	**335**	**416**	**30**	**446**
Balance at 1 September 2022	345	13	43	(244)	138	295	16	311
Profit for the year	-	-	-	-	79	79	9	88
Other comprehensive (loss)/income:								
Cash flow hedges	-	-	-	(3)	-	(3)	-	(3)
Actuarial gains on defined benefit pension schemes (Note 16)	-	-	-	-	1	1	-	1
Exchange differences on translation of foreign operations	-	-	(38)	-	-	(38)	(2)	(40)
Total comprehensive (loss)/ income for the year	-	-	(38)	(3)	80	39	7	46
Employee share schemes	-	-	-	(8)	12	4	-	4
Dividends paid (Note 7)	-	-	-	-	(22)	(22)	-	(22)
Deferred tax on share-based payments	-	-	-	-	1	1	-	1
Distributions to non-controlling interest	-	-	-	-	-	-	(6)	(6)
Non-cash movement on non-controlling interests	-	-	-	-	-	-	6	6
Balance at 31 August 2023	345	13	5	(255)	209	317	23	340

WH Smith PLC
Notes to the Financial Statements
For the year ended 31 August 2024

1. Basis of preparation

Whilst the information included in the consolidated financial statements has been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, this announcement does not itself contain sufficient information to comply with IFRSs. The financial information in this full year results statement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Statutory accounts for the year ending 31 August 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The Annual Report for the year ending 31 August 2024 and this full year results statement were approved by the Board on 14 November 2024. The auditors have reported on the Annual Report for the years ended on 31 August 2024 and 2023 and neither report was qualified and neither contained a statement under Section 498(2) or (3) of the Companies Act 2006.

The consolidated financial information for the year ended 31 August 2024 has been prepared on a consistent basis with the financial accounting policies set out in the Accounting Policies section of the WH Smith PLC Annual Report and Accounts 2023 except as described below. The Group has adopted the following standards and interpretations which became mandatory for the first time during the year ended 31 August 2024. The Group has considered the below new standards and amendments and has concluded that they are either not relevant to the Group or they do not have a significant impact on the Group's consolidated financial statements.

IFRS 17	Insurance contracts
Amendments to IAS 12	Taxation and International tax reform – pillar two model rules
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors
Amendment to IAS 7 and IFRS 7	Supplier finance arrangements
Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2	

At the Group balance sheet date, the following standards and interpretations, which have not been applied in these condensed financial statements, were in issue but not yet effective:

Amendments to IAS 1	Presentation of financial statements on classification of liabilities and non-current liabilities with covenants
Amendments to IFRS 16	Leases – Lease Liability in a Sale and Leaseback
Amendment to IAS7 and IFRS 7	Supplier finance arrangements
IFRS 18	Presentation and Disclosure in Financial Statements

With the exception of IFRS 18, the adoption of the above standards and interpretations is not expected to have any material impact on the Group's financial statements.

IFRS 18 was issued in April 2024 and is effective for periods beginning on or after 1 January 2027. Early application is permitted and comparatives will require restatement. The standard will replace IAS 1 Presentation of Financial Statements. IFRS 18 will not change how items are recognised and measured, rather it will require changes to the reporting of financial performance. Specifically classifying income and expenses into three new defined categories - operating, investing and financing, and two new subtotals 'operating profit and loss' and 'profit or loss before financing and income tax', as well as introducing disclosures of management-defined performance measures (MPMs) and enhancing general requirements on aggregation and disaggregation. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements. IFRS 18 will be applicable for the Group's Annual report and accounts for the year ending 31 August 2028.

Alternative Performance Measures (APM's)

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs.

The key APMs that the Group uses include: measures before non-underlying items, Headline profit before tax, Headline earnings per share, trading profit, Headline trading profit, Headline Group profit from trading operations, like-for-like revenue, gross margin, fixed charges cover, Headline EBITDA, effective tax rate, net debt and Headline net debt, free cash flow, operating cash flow, return on capital employed and leverage. These APMs are set out in the Glossary on page 50 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

1. Basis of preparation (continued)

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share which excludes certain items, that are considered non-underlying and are not considered to be part of the normal operations of the Group. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance.

The Group exercises judgement in determining whether income or expenses are reported as non-underlying. This assessment includes consideration of the size, nature or cause of occurrence of the item, as well as consistency with prior periods. Non-underlying items can include, but are not limited to, restructuring and transformation costs linked to Board agreed programmes, costs relating to M&A activity, impairment charges and other property costs, significant items relating to pension schemes, amortisation of intangible assets acquired in business combinations, and the related tax effect of these items. Reversals associated with items previously reported as non-underlying, such as reversals of impairments and releases of provisions or liabilities are also reported in non-underlying items.

Further details of the non-underlying items are provided in Note 4.

Items recognised in Other comprehensive income/loss may also be identified as non-underlying for the purposes of narrative explanation of the Group's performance, where the Group has determined that they are associated with the above categories and are judged to have met the Group's definition of non-underlying.

Going concern

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

The directors are required to assess whether the Group can continue to operate for the 12 months from the date of approval of these financial statements.

The Group overview describes the Group's financial position, cash flows and borrowing facilities and also highlights the principal risks and uncertainties facing the Group. The Group overview also sets out the Group's business activities together with the factors that are likely to affect its future developments, performance and position.

In making the going concern assessment, the directors have undertaken a rigorous assessment of current performance and forecasts for the 12-month period to November 2025, including expenditure commitments, capital expenditure and available borrowing facilities. The Group's borrowing facilities are described in the Group overview on page 5. The covenants on these facilities are tested half-yearly and are based on fixed charges cover and net borrowings. The directors have also considered the existence of factors beyond the going concern period that could indicate that the going concern basis is not appropriate.

The directors have modelled a base case scenario consistent with the latest Board approved forecasts, which include management's best estimates of market conditions and include a number of assumptions including passenger numbers, sales growth and cost inflation. Under this scenario the Group has significant liquidity and complies with all covenant tests throughout the assessment period.

As a result of uncertainty and challenges in the macroeconomic environment, this base case scenario has been stress-tested by applying severe, but plausible, downside assumptions of a magnitude and profile in line with previous experience of economic downturns. These assumptions include reductions to revenue assumptions of between 5 and 10 per cent versus the base case as appropriate by division; additional inflation in labour costs beyond that included in the base case; and margin pressures. Apart from an equal reduction in turnover-based rents in our Travel businesses, this scenario does not assume a decrease in other variable costs, and is therefore considered severe. Under this downside scenario the Group would continue to have significant liquidity headroom on its existing facilities and complies with all covenant tests throughout the assessment period.

Based on the above analysis, the directors have concluded that the Group is able to adequately manage its financing and principal risks, and that the Group will be able to continue to meet its obligations as they fall due and operate within the level of its facilities for at least 12 months from the date of approval of these financial statements.

1. Basis of preparation (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting judgements and sources of estimation uncertainty in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgement. These relate to the classification of items as non-underlying, assessment of lease substitution rights, determination of the lease term, impairment reviews of other non-current assets and inventory valuation.

Critical accounting judgements

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share which excludes certain items, that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. The Group's definition of non-underlying items is outlined on page 28.

The classification of items as non-underlying requires management judgement. The definition of non-underlying items has been applied consistently year on year. Further details of non-underlying items are provided in Note 4.

Lease accounting

Substantive substitution rights

Judgement is required in determining whether a contract meets the definition of a lease under IFRS 16. Management has determined that certain retail concession contracts give the landlord substantive substitution rights because the contract gives the landlord rights to relocate the retail space occupied by the Group. In such cases, management has concluded that there is not an identified asset and therefore such contracts are outside the scope of IFRS 16. For these contracts, the Group recognises the payments as an operating expense on a straight-line basis over the term of the contract unless another systematic basis is more representative of the time pattern in which economic benefits from the underlying contract are consumed.

Determination of lease term

In determining the lease term for contracts that have options to extend or terminate early at the Group's discretion, management has applied judgement in determining the likelihood of whether such options will be exercised. This is based on the length of time remaining before the option is exercisable, performance of the individual store and the trading forecasts.

Sources of estimation uncertainty

Intangible assets, property, plant and equipment and right-of-use asset impairment reviews

Property, plant and equipment, right-of-use assets and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. For impairment testing purposes, the Group has determined that each store is a separate CGU or in some cases a group of stores is considered to be a CGU where the stores do not generate largely independent cash inflows.

The key assumptions in the value-in-use calculations include growth rates of revenue and the pre-tax discount rate. Value-in-use calculations will assume a lease is extended where management consider it likely that an extension will be granted. Further information in respect of the Group's intangible assets, property, plant and equipment and right-of-use assets is included in Notes 11, 12 and 13 respectively.

Inventory valuation

Inventory is carried at the lower of cost and net realisable value which requires the estimation of sell through rates, and the eventual sales price of goods to customers in the future. Any difference between the expected and the actual sales price achieved will be accounted for in the year in which the sale is made. A sensitivity analysis has been carried out on the calculation of inventory provisions. The key assumption driving the stock provision calculation is forecast revenue.

2. Segmental analysis of results

IFRS 8 requires segment information to be presented on the same basis as that used by the Chief Operating Decision Maker for assessing performance and allocating resources. The Group's operating segments are based on the reports reviewed by the Board of Directors who are collectively considered to be the chief operating decision maker.

For management and financial reporting purposes, the Group is organised into two operating divisions which comprise four reportable segments – Travel UK, North America, Rest of the World within the Travel division, and High Street.

The information presented to the Board is prepared in accordance with the Group's IFRS accounting policies, with the exception of IFRS 16, and is shown below as Headline information in Section b). A reconciliation to statutory measures is provided below in accordance with IFRS 8, and in the Glossary on page 50 (Note A2).

a) Revenue

£m	**2024**	2023
Travel UK	**795**	709
North America	**401**	380
Rest of the World	**270**	235
Total Travel	**1,466**	1,324
High Street	**452**	469
Group revenue	**1,918**	1,793

Rest of the World revenue includes revenue from Australia of £83m (2023: £82m), Ireland £53m (2023: £47m) and Spain £55m (2023: £46m). No other country has individually material revenue.

2. Segmental analysis of results (continued)

b) Group results

£m	2024				2023			
	Headline before non-underlying items[1] (pre-IFRS 16)	**Headline non-underlying items[1] (pre-IFRS16)**	**IFRS 16**	**Total**	Headline before non-underlying items[1] (pre-IFRS 16)	Headline non-underlying items[1] (pre-IFRS16)	IFRS 16	Total
Travel UK trading profit/(loss)	**122**	**-**	**4**	**126**	102	-	(1)	101
North America trading profit	**54**	**-**	**4**	**58**	49	-	3	52
Rest of the World trading profit	**13**	**-**	**5**	**18**	13	-	-	13
Total Travel trading profit	**189**	**-**	**13**	**202**	164	-	2	166
High Street trading profit	**32**	**-**	**7**	**39**	32	-	11	43
Group profit from trading operations	**221**	**-**	**20**	**241**	196	-	13	209
Unallocated central costs	**(28)**	**-**	**-**	**(28)**	(27)	-	-	(27)
Group operating profit before non-underlying items	**193**	**-**	**20**	**213**	169	-	13	182
Non-underlying items (Note 4)	**-**	**(56)**	**1**	**(55)**	-	(13)	(13)	(26)
Group operating profit/(loss)	**193**	**(56)**	**21**	**158**	169	(13)	-	156
Finance costs	**(27)**	**-**	**(25)**	**(52)**	(26)	-	(19)	(45)
Non-underlying finance costs (Note 4)	**-**	**(1)**	**1**	**-**	-	(2)	1	(1)
Profit/(loss) before tax	**166**	**(57)**	**(3)**	**106**	143	(15)	(18)	110
Income tax (expense)/credit	**(39)**	**9**	**1**	**(29)**	(28)	2	4	(22)
Profit/(loss) for the year	**127**	**(48)**	**(2)**	**77**	115	(13)	(14)	88

[1] Presented on a pre-IFRS 16 basis. Alternative Performance Measures are defined and explained in the Glossary on page 50.

WH Smith PLC
Notes to the Financial Statements
For the year ended 31 August 2024

2. Segmental analysis of results (continued)

c) Other segmental items

	2024				
	Non-current assets[1]			Right-of-use assets	
£m	**Capital additions**	**Depreciation and amortisation**	**Impairment**	**Depreciation**	**Impairment**
Travel UK	**35**	**(20)**	**-**	**-**	-
North America	**60**	**(16)**	**-**	**-**	-
Rest of the World	**14**	**(8)**	**-**	**-**	-
Total Travel	**109**	**(44)**	**-**	**-**	-
High Street	**22**	**(15)**	**-**	**-**	-
Unallocated	**-**	**(1)**	**-**	**-**	-
Headline, before non-underlying items (pre-IFRS 16)	**131**	**(60)**	**-**	**-**	-
Headline non-underlying items (pre-IFRS 16)	**-**	**(3)**	**(23)**	**-**	**-**
Headline, after non-underlying items (pre-IFRS 16)	**131**	**(63)**	**(23)**	**-**	-
Impact of IFRS 16	**-**	**(1)**	**3**	**(112)**	**-**
Non-underlying items (IFRS 16)	**-**	**-**	**-**	**-**	**(10)**
Group	**131**	**(64)**	**(20)**	**(112)**	**(10)**

	2023				
	Non-current assets[1]			Right-of-use assets	
£m	Capital additions	Depreciation and amortisation	Impairment	Depreciation	Impairment
Travel UK	30	(17)	-	-	-
North America	47	(13)	-	-	-
Rest of the World	17	(6)	-	-	-
Total Travel	94	(36)	-	-	-
High Street	28	(15)	-	-	-
Unallocated	-	(2)	-	-	-
Headline, before non-underlying items (pre-IFRS 16)	122	(53)	-	-	-
Headline non-underlying items (pre-IFRS 16)	-	(3)	(4)	-	-
Headline, after non-underlying items (pre-IFRS 16)	122	(56)	(4)	-	-
Impact of IFRS 16	-	-	-	(104)	-
Non-underlying items (IFRS 16)[2]	-	-	-	-	(15)
Group	122	(56)	(4)	(104)	(15)

[1] Non-current assets including property, plant and equipment and intangible assets (excluding goodwill), but excluding right-of-use assets.

WH Smith PLC
Notes to the Financial Statements
For the year ended 31 August 2024

3. Group operating profit

£m	**2024**			2023		
	Before non-underlying items	**Non-underlying items**	**Total**	Before non-underlying items	Non-underlying items	Total
Revenue	**1,918**	**-**	**1,918**	1,793	-	1,793
Cost of sales	**(706)**	**-**	**(706)**	(682)	-	(682)
Gross profit	**1,212**	**-**	**1,212**	1,111	-	1,111
Distribution costs	**(808)**	**-**	**(808)**	(746)	-	(746)
Administrative expenses	**(198)**	**-**	**(198)**	(197)	-	(197)
Other income[1]	**7**	**-**	**7**	14	-	14
Non-underlying items (Note 4)	**-**	**(55)**	**(55)**	-	(26)	(26)
Group operating profit	**213**	**(55)**	**158**	182	(26)	156

[1] Other income includes remeasurement of right-of-use assets and other property related income. Other income in the prior year also includes insurance recoveries.

£m	**2024**	2023
Cost of inventories recognised as an expense	**706**	682
Write-down of inventories in the year[2]	**1**	3
Depreciation of property, plant and equipment	**49**	42
Depreciation of right-of-use assets		
– land and buildings	**110**	101
– other	**2**	3
Amortisation of intangible assets	**15**	14
Impairment of property, plant and equipment	**15**	4
Impairment of right-of-use assets	**10**	15
Impairment of intangibles	**5**	-
Expenses relating to leasing:		
– expense relating to short-term leases	**20**	22
– expense relating to variable lease payments not included in the measurement of the lease liability	**38**	29
Other occupancy costs	**44**	49
Staff costs	**386**	367

[2] Write-down of inventories in the year are included within the amounts disclosed as Cost of inventories recognised as an expense, and recognised in Cost of sales.

4. Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further details of the non-underlying items are included in Note 1, and in the Financial review on page 12.

£m	2024	2023
Amortisation of acquired intangible assets	**3**	3
Impairment of non-current assets		
- property, plant and equipment	**15**	4
- intangible assets	**5**	-
- right-of-use assets	**10**	15
Provisions for onerous contracts	**6**	3
Transformation programmes – supply chain and IT	**9**	-
Costs associated with pensions	**2**	1
IFRS 16 remeasurement gains	**(3)**	-
Costs related to M&A activity and Group legal entity structure	**4**	-
Re-platform of whsmith.co.uk and other costs	**4**	-
Non-underlying items, included in operating profit	**55**	26
Finance costs associated with refinancing	**-**	1
Non-underlying items, before tax	**55**	27
Tax credit on non-underlying items	**(9)**	(5)
Non-underlying items, after tax	**46**	22

Non-underlying items recognised in the year are as follows:

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets primarily relates to the MRG and InMotion brands (see Note 11).

Impairment of non-current assets

The Group has carried out an assessment for indicators of impairment of non-current assets across the store and online portfolio. Where an indicator of impairment has been identified, an impairment review has been performed to compare the value-in-use of cash generating units, based on management's assumptions regarding likely future trading performance, anchored in the latest Board approved budget and three year plan, to the carrying value of the cash generating unit as at 31 August 2024.

As a result of this exercise, a non-cash charge of £30m (2023: £19m) was recorded within non-underlying items for impairment of non-current assets, of which £15m (2023: £4m) relates to property, plant and equipment, £5m (2023: £nil) relates to intangible assets and £10m (2023: £15m) relates to right-of-use assets. The impairment recognised on a pre-IFRS 16 basis is provided in the Glossary on page 50.

Provisions for onerous contracts

A charge of £6m (2023: £3m) has been recognised in the income statement to provide for the unavoidable costs of continuing to service a number of non-cancellable supplier and lease contracts where the space is vacant, a contract is loss-making or currently not planned to be used for ongoing operations. This provision will be utilised over the next two to four financial years. The unwinding of the discount on provisions for onerous contracts is treated as an imputed interest charge, and has been recorded in non-underlying finance costs.

Transformation programmes

Costs of £9m (Aug 2023: £nil) have been classified as non-underlying in relation to a number of Board-approved programmes relating to supply chain (£4m) and IT transformation (£5m).

4. Non-underlying items (continued)

Transformation programmes (continued)

The supply chain transformation programme includes costs related to outsourcing the Group's distribution centres and core distribution network to a third party (GXO) and costs of reconfiguration of the Group's UK distribution centres, in order to generate a more efficient and productive supply chain to support the performance and growth of the Group's UK businesses. This project will conclude in 2025, incurring similar costs as in 2024.

The IT transformation programme includes costs relating to upgrading core IT infrastructure, data migration and investment in data security, store systems modernisation and other significant IT projects. These strategic projects will provide additional stability, longevity and operational benefits. The implementation will cover several years and we anticipate costs in 2025 to be similar to 2024.

These multi-year programmes are reported as non-underlying items on the basis that they are significant in quantum, relate to a Board-approved programme and to aid comparability from one period to the next.

Costs associated with pensions

Costs of £2m (2023: £1m) have been incurred relating to professional fees associated with the buy out of the WHSmith Pension Trust. This resulted in the recognition of an £87m gain being remeasurement of the recoverability of the retirement benefit surplus which is included in the Group's Statement of other comprehensive income, in accordance with IAS 19. Subsequent to the completion of the buyout, on 10 September the remaining surplus in the scheme of £87m was transferred to the Group, comprising cash of £75m and investments of £12m.

IFRS 16 remeasurement gains

Gains of £3m have been classified as non-underlying in relation to IFRS 16 remeasurement gains that have resulted from the derecognition of lease liabilities on exit from certain locations, in which right-of-use assets were previously impaired.

Cost relating to M&A activity and Group legal entity structure

Costs incurred during the year include c.£2m of professional and legal fees in relation to a reorganisation of the Group's legal entity structure, and c.£1m relating to acquisition and integration costs of two small acquisitions in Ireland and Australia, and c.£1m relating to final integration costs of the North American businesses.

Re-platform of whsith.co.uk and other costs

Other non-underlying items recognised during the year of £4m include restructuring costs, stock write-offs and IT costs in relation to the reconfiguration of the Group's online operations, and costs associated with the resolution of a long running dispute.

A tax credit of £9m (2023: £5m) has been recognised in relation to non-underlying items.

Other prior year non-underlying items

Costs associated with refinancing

A charge of £1m was included in non-underlying items in the year ended 31 August 2023 to derecognise the carrying value of unamortised fees in respect of the extinguished term loan and revolving credit facility.

5. Finance costs

£m	2024	2023
Interest payable on bank loans and overdrafts	**13**	12
Interest on convertible bonds	**14**	14
Interest on lease liabilities	**25**	19
Cost associated with refinancing	**-**	1
	52	46

Interest on convertible bonds includes £5m (2023: £5m) accrued coupon and £8m (2023: £8m) non-cash debt accretion charge and £1m (2023: £1m) fee amortisation. Costs associated with refinancing in the prior year are included in non-underlying items (see Note 4).

6. Income tax expense

£m	2024	2023
Tax on profit	**21**	13
Blended standard rate of UK corporation tax 25% (2023: blended rate 21.5%)		
Adjustment in respect of prior years	**-**	(2)
Total current tax expense	**21**	11
Deferred tax – current year	**22**	19
Deferred tax – prior year	**(5)**	(3)
Tax on profit before non-underlying items	**38**	27
Tax on non-underlying items – current tax	**(1)**	-
Tax on non-underlying items – deferred tax	**(8)**	(5)
Total tax on profit	**29**	22

Reconciliation of the taxation charge

£m	2024	2023
Tax on profit at blended standard rate of UK corporation tax 25% (2023: blended rate 21.5%)	**26**	24
Tax effect of items that are not deductible or not taxable in determining taxable profit	**5**	(3)
Derecognition of deferred tax balances	**1**	7
Differences in overseas tax rates	**2**	(1)
Adjustment in respect of prior years – current tax	**-**	(2)
Adjustment in respect of prior years – deferred tax	**(5)**	(3)
Total income tax charge	**29**	22

The effective tax rate, before non-underlying items, is 23 per cent (2023: 19 per cent).

The UK corporation tax rate is 25 per cent effective from 1 April 2023.

The legislation implementing the Organisation for Economic Co-Operation and Development's (OECD) proposals for a global minimum corporation tax rate (Pillar Two) was substantively enacted in the UK on 20 June 2023 and applies to reporting periods beginning on or after 1 January 2024.

Under the legislation the Group is liable to pay a top-up tax for the difference between their Global Anti-Base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15 per cent minimum rate.

The rules will be applicable to the Group for the year ended 31 August 2025. The Group has performed an assessment of the Group's potential exposure to Pillar Two top-up taxes based on the most recent filings, country-by-country reporting, and the most recent financial information available for the constituent entities in the Group. Based on this assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15 per cent or will meet the financial thresholds required to meet the Transitional Safe Harbour Rules. However, there are a limited number of jurisdictions where the Transitional Safe Harbour relief does not apply, and the Pillar Two effective rate is close to 15 per cent. The Group does not expect a material exposure to Pillar Two taxes in those jurisdictions.

The Group applies the temporary exception from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred taxes in relation to Pillar Two.

7. Dividends

Amounts paid and recognised as distributions to shareholders in the year are as follows:

£m	2024	2023
Dividends		
Final dividend for the year ended 31 August 2023 of 20.8p per ordinary share	**27**	-
Interim dividend for the year ended 31 August 2024 of 11.0p per ordinary share	**14**	-
Final dividend for the year ended 31 August 2022 of 9.1p per ordinary share	**-**	12
Interim dividend for the year ended 31 August 2023 of 8.1p per ordinary share	**-**	10
	41	22

The Board has proposed a final dividend of 22.6p per share, amounting to a final dividend of c.£30m, which is not included as a liability in these financial statements and, subject to shareholder approval, will be paid on 6 February 2025 to shareholders registered at the close of business on 17 January 2025.

8. Earnings per share

a) Earnings

£m	2024	2023
Profit for the year, attributable to equity holders of the parent	**67**	79
Non-underlying items, after tax (Note 4)	**46**	22
Profit for the year before non-underlying items, attributable to equity holders of the parent	**113**	101

b) Weighted average share capital

Millions	2024	2023
Weighted average ordinary shares in issue	**131**	130
Less weighted average ordinary shares held in ESOP Trust	**(2)**	-
Weighted average shares in issue for earnings per share	**129**	130
Add weighted average number of ordinary shares under option	**2**	2
Weighted average ordinary shares for diluted earnings per share	**131**	132

8. Earnings per share (continued)

c) Basic and diluted earnings per share

Pence	2024	2023
Basic earnings per share	**51.9**	60.8
Adjustment for non-underlying items	**35.7**	16.9
Basic earnings per share before non-underlying items	**87.6**	77.7
Diluted earnings per share	**51.1**	59.8
Adjustment for non-underlying items	**35.2**	16.7
Diluted earnings per share before non-underlying items	**86.3**	76.5

Diluted earnings per share takes into account various share awards and share options including SAYE schemes, which are expected to vest, and for which a sum below fair value will be paid.

As at 31 August 2024 the convertible bond has no dilutive effect as the inclusion of these potentially dilutive shares would improve earnings per share (2023: no dilutive effect).

The calculation of earnings per share on a pre-IFRS 16 basis is provided in the Glossary on page 50.

9. Analysis of net debt

Movement in net debt can be analysed as follows:

£m	**Term loans**	**Convertible bonds**	**Revolving credit facility**	**Leases**	**Sub-total Liabilities from financing activities**	**Cash and cash equivalents**	**Net debt**
At 1 September 2023	**-**	**(301)**	**(84)**	**(566)**	**(951)**	**56**	**(895)**
Bond accretion and fee amortisation	**-**	**(9)**	**-**	**-**	**(9)**	**-**	**(9)**
Lease additions, modifications and interest	**-**	**-**	**-**	**(208)**	**(208)**	**-**	**(208)**
Cash movements	**-**	**-**	**(33)**	**136**	**103**	**-**	**103**
Currency translation	**-**	**-**	**-**	**12**	**12**	**-**	**12**
At 31 August 2024	**-**	**(310)**	**(117)**	**(626)**	**(1,053)**	**56**	**(997)**

£m	Term loans	Convertible bonds	Revolving credit facility	Leases	Sub-total Liabilities from financing activities	Cash and cash equivalents	Net debt
At 1 September 2022	(132)	(292)	-	(577)	(1,001)	132	(869)
Bond accretion and fee amortisation	(1)	(9)	-	-	(10)	-	(10)
Lease additions, modifications and interest	-	-	-	(148)	(148)	-	(148)
Cash movements	133	-	(84)	137	186	(74)	112
Currency translation	-	-	-	22	22	(2)	20
At 31 August 2023	-	(301)	(84)	(566)	(951)	56	(895)

9. Analysis of net debt (continued)

An explanation of Alternative Performance Measures, including Net debt on a pre-IFRS 16 basis, is provided in the Glossary on page 50.

Cash and cash equivalents

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

Lease liabilities

Non-cash movements in lease liabilities mainly relate to new leases, modifications and remeasurements in the year. Cash movements on leases include principal repayments of £112m (2023: £118m) and interest paid of £24m (2023: £19m).

Revolving credit facilities

The Group has a £400m committed revolving credit facility ('RCF'). The first extension option has been exercised during the year, taking the maturity to 13 June 2029. The RCF has one remaining uncommitted extension option of one year, which would, subject to lender approval, extend the maturity date to 13 June 2030 if exercised.

The RCF is provided by a syndicate of banks: Barclays Bank PLC, BNP Paribas, Citibank N.A. London Branch, Fifth Third Bank National Association, HSBC UK Bank PLC, JP Morgan Securities PLC, PNC Capital Markets LLC, Banco Santander SA London Branch and Skandinaviska Enskilda Banken AB (PUBL). Utilisation is interest bearing at a margin over SONIA. As at 31 August 2024, the Group has drawn down £117m on the RCF (2023: £84m).

In the prior year transaction costs of £4m relating to the RCF are amortised to the Income statement on a straight-line basis.

Term loans
Term loans of £133m were repaid in the prior year.

Convertible bonds

The Group issued £327m guaranteed senior unsecured convertible bonds on 7 May 2021 with a 1.625 per cent per annum coupon payable semi-annually in arrears in equal instalments. The bonds are convertible into new and/or existing ordinary shares of WH Smith PLC. The initial conversion price was set at £24.99 representing a premium of 40 per cent above the reference share price on 28 April 2021 (£17.85). The conversion price at 31 August 2024 was £24.3104 (2023: £24.7032). If not previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at par on 7 May 2026.

The convertible bond is a compound financial instrument, consisting of a financial liability component and an equity component, representing the value of the conversion rights. The initial fair value of the liability portion of the convertible bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis using the effective interest rate method until extinguished on conversion or maturity of the bonds. The remainder of the proceeds was allocated to the conversion option and recognised in equity (Other reserves), and not subsequently remeasured. As a result £41m of the initial proceeds of £327m was recognised in equity representing the option component.

Transaction costs of £6m were allocated between the two components and the element relating to the debt component of £5m is amortised through the effective interest rate method. The issue costs apportioned to the equity component of £1m have been deducted from equity.

The carrying value of the convertible bond on the Group's balance sheet is £310m (2023: £301m). The fair value of the convertible bond has been estimated at £303m (2023: £287m) using a discounted cash flow approach based on market interest rates. This represents Level 2 fair value measurements as defined by IFRS 13.

WH Smith PLC
Notes to the Financial Statements
For the year ended 31 August 2024

10. Cash generated from operating activities

£m	2024	2023
Group operating profit	**158**	156
Depreciation of property, plant and equipment	**49**	42
Impairment of property, plant and equipment	**15**	4
Amortisation of intangible assets	**15**	14
Impairment of intangible assets	**5**	-
Depreciation of right-of-use assets	**112**	104
Impairment of right-of-use assets	**10**	15
Non-cash change in lease liabilities	**(3)**	-
Non-cash movement in pensions	**1**	-
Share-based payments	**11**	12
Gain on remeasurement of leases	**(4)**	(5)
Other non-cash items (incl. foreign exchange)	**9**	7
Increase in inventories	**(15)**	(12)
Increase in receivables	**(41)**	(22)
Increase/(decrease) in payables	**10**	(15)
Movement on provisions (through utilisation or income statement)	**3**	2
Cash generated from operating activities	**335**	302

11. Intangible assets

£m	Goodwill	Brands and franchise contracts	Tenancy rights	Software	Total
Cost:					
At 1 September 2023	**436**	**46**	**13**	**128**	**623**
Additions	**6**	**-**	**-**	**16**	**22**
Foreign exchange	**(16)**	**(2)**	**(1)**	**-**	**(19)**
At 31 August 2024	**426**	**44**	**12**	**144**	**626**
Accumulated amortisation:					
At 1 September 2023	**-**	**14**	**8**	**96**	**118**
Amortisation charge	**-**	**3**	**-**	**12**	**15**
Impairment charge	**-**	**-**	**-**	**5**	**5**
Foreign exchange	**-**	**(1)**	**-**	**(1)**	**(2)**
At 31 August 2024	**-**	**16**	**8**	**112**	**136**
Net book value at 31 August 2024	**426**	**28**	**4**	**32**	**490**
Cost:					
At 1 September 2022	471	50	13	114	648
Additions	-	-	-	16	16
Foreign exchange	(35)	(4)	-	(2)	(41)
At 31 August 2023	436	46	13	128	623
Accumulated amortisation:					
At 1 September 2022	-	12	8	85	105
Amortisation charge	-	3	-	11	14
Foreign exchange	-	(1)	-	-	(1)
At 31 August 2023	-	14	8	96	118
Net book value at 31 August 2023	436	32	5	32	505

Goodwill of US$58m (£44m) (2023: US$64m / £50m) relating to the acquisition of the InMotion Entertainment Group of companies in 2018 is expected to be deductible for tax purposes in the future. Additions to Goodwill in the year relate to small acquisitions in Ireland and Australia (Note 17).

The carrying value of goodwill is allocated to the segmental businesses as follows:

£m	2024	2023
Travel UK	**262**	272
North America	**117**	122
Rest of the World	**32**	27
Total Travel	**411**	421
High Street	**15**	15
	426	436

Included within Tenancy rights are certain assets that are considered to have an indefinite life of £4m (2023: £4m), representing certain rights under tenancy agreements, which include the right to renew leases, therefore no amortisation has been charged. Management has determined that the useful economic life of these assets is indefinite because the Group can continue to occupy and trade from certain premises for an indefinite period. These assets are reviewed annually for indicators of impairment.

11. Intangible assets (continued)

Impairment of goodwill and intangible assets

The Group tests goodwill for impairment annually or where there is an indication that goodwill might be impaired. For impairment testing purposes, goodwill is allocated to groups of CGUs in a manner that is consistent with our operating segments, as this reflects the lowest level at which goodwill is monitored. All goodwill has arisen on acquisitions of groups of retail stores. These acquisitions are then integrated into the Group's operating segments as appropriate. Acquired brands are considered together with goodwill for impairment testing purposes, and are therefore considered annually for impairment.

Goodwill and acquired brands have been tested for impairment by comparing the carrying amount of each group of CGUs, including goodwill and acquired brands, with the recoverable amount determined from value-in-use calculations. The value-in use of each group of CGUs has been calculated using cash flows derived from the Group's latest Board-approved budget and three year plan, initially extrapolated to five years. The forecasts reflect knowledge of the current market, together with the Group's expectations on the future achievable growth and committed store openings. Cash flows beyond the initial forecast period are extrapolated using estimated long-term growth rates.

For certain groups of CGUs, additional adjustments to cash flows have been made during the extrapolation process for an extended period of up to 15 years before calculating a terminal value. This extended period of time is required to establish a normalised cash flow base on which a terminal value calculation can be appropriately calculated. The main reasons for cash flow adjustments include the need to forecast lease renewals under IFRS 16, and the unwinding of certain cash flow benefits arising from acquisitions in North America.

The key assumptions on which the forecast three-year cash flows of the CGUs are based include revenue and the pre-tax discount rate. Other assumptions in the model relate to gross margin, cost inflation and longer-term growth rates:

- The values assigned to each of the revenue, product mix and operating cost assumptions were determined based on the extrapolation of historical trends within the Group and external information on expected future trends in the travel and high street retail sectors.
- The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). Country-specific discount rates were not considered to be materially different to the Group rate. The pre-tax discount rate used in the calculations was 10.7 per cent (2023: 13.2 per cent).
- The long-term growth rate assumptions are between 0 per cent and 2 per cent (2023: 0 per cent and 2 per cent).

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments, are included within the Group's budget and three year plan which have been used to support the impairment reviews, with no material impact on cash flows.

The value-in-use estimates indicated that the recoverable amount of goodwill exceeded the carrying value for each group of CGUs. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year (2023: £nil).

As disclosed in Note 1, Accounting policies, the forecast cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and it is possible that significant changes to these assumptions could lead to an impairment of goodwill and acquired brands. Given the inherent uncertainties due to challenges in the macroeconomic environment, management have considered a range of sensitivities on each of the key assumptions, with other variables held constant. The sensitivities include applying increases in the discount rate by two per cent and reductions in the long-term growth rates by two per cent. Under these combined scenarios, the estimated recoverable amount of goodwill and acquired brands would require an impairment of £5m.

Furthermore, outputs of the quantitative climate change scenario analysis have also been taken into consideration in the sensitivity analysis, and has shown that climate change is not considered to be a key driver in determining the outcome.

The sensitivity analysis showed that no reasonably possible change in assumptions would lead to an impairment.

Other intangible assets including Software have been assessed for indicators of impairment during the year. Impairment to software assets of £5m (2023: £nil) has been recorded during the year as a result of the Board approved programmes relating to supply chain and IT transformation, as well as the reconfiguration of the Group's online operations.

12. Property, plant and equipment

£m	Land and buildings				
	Freehold Properties	Leasehold improvements	Fixtures and fittings	Equipment and vehicles	Total
Cost or valuation:					
At 1 September 2023	**18**	**385**	**254**	**140**	**797**
Additions	**-**	**57**	**46**	**12**	**115**
Disposals	**-**	**(4)**	**(3)**	**-**	**(7)**
Foreign exchange	**-**	**(5)**	**(2)**	**-**	**(7)**
At 31 August 2024	**18**	**433**	**295**	**152**	**898**
Accumulated depreciation:					
At 1 September 2023	**10**	**252**	**166**	**99**	**527**
Depreciation charge	**-**	**29**	**10**	**10**	**49**
Impairment charge	**-**	**6**	**7**	**2**	**15**
Disposals	**-**	**(4)**	**(3)**	**-**	**(7)**
Foreign exchange	**-**	**(1)**	**(1)**	**-**	**(2)**
At 31 August 2024	**10**	**282**	**179**	**111**	**582**
Net book value at 31 August 2024	**8**	**151**	**116**	**41**	**316**
Cost or valuation:					
At 1 September 2022	18	329	232	127	706
Additions	-	63	24	19	106
Reclassifications	-	-	5	(5)	-
Foreign exchange	-	(7)	(7)	(1)	(15)
At 31 August 2023	18	385	254	140	797
Accumulated depreciation:					
At 1 September 2022	10	230	155	92	487
Depreciation charge	-	20	15	7	42
Impairment charge	-	3	-	1	4
Reclassifications	-	1	(1)	-	-
Foreign exchange	-	(2)	(3)	(1)	(6)
At 31 August 2023	10	252	166	99	527
Net book value at 31 August 2023	8	133	88	41	270

Impairment of property, plant and equipment
For impairment testing purposes, the Group has determined that each store is a separate CGU or in some cases a group of stores is considered to be a CGU where the stores do not generate largely independent cash inflows. CGUs are tested for impairment at the balance sheet date if any indicators of impairment have been identified. The identified indicators include loss-making stores, stores earmarked for closure and under-performance of individual stores versus forecast.

12. Property, plant and equipment (continued)

Impairment of property, plant and equipment (continued)
For those CGUs where an indicator of impairment has been identified, property, plant and equipment and right-of-use assets have been tested for impairment by comparing the carrying amount of the CGU with its recoverable amount determined from value-in-use calculations. It was determined that value-in-use was higher than fair value less costs to sell.

The value-in-use of CGUs is calculated using discounted cash flows derived from the Group's latest Board-approved budget and three-year plan, and reflects historic performance and knowledge of the current market, together with the Group's views on the future achievable growth for these specific stores. Cash flows beyond the forecast period are extrapolated using growth rates and inflation rates appropriate to each store's location. Cash flows have been included for the remaining lease life for the specific store. These growth rates do not exceed the long-term growth rate for the Group's retail businesses in the relevant territory. Where stores have a short remaining lease life, an extension to the lease has been assumed where management consider it likely that an extension will be granted. The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our net zero commitments, are included within the Group's budget and three year plan which have been used to support the impairment reviews, with no material impact on cash flows. The useful economic lives of store assets are short in the context of climate change scenario models therefore no medium to long-term effects have been considered.

The key assumptions on which the forecast three-year cash flows of the CGUs are based include revenue and the pre-tax discount rate. Other assumptions in the model relate to gross margin, cost inflation and longer-term growth rates. In developing these forecasts, management have used available information, including historical knowledge of the store level cash flows.

The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include the risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). Country-specific discount rates were not considered to be materially different to the Group rate. The pre-tax discount rate used in the calculations was 10.7 per cent (2023: 13.2 per cent).

Where the value-in-use was less than the carrying value of the CGU, an impairment of property, plant and equipment and right-of-use assets was recorded. These stores were impaired to their recoverable amount of £14m, which is their carrying value at year end. The Group has recognised an impairment charge of £15m (2023: £4m) to property, plant and equipment, £5m impairment to software (2023: £nil) and £10m (2023: £15m) to right-of-use assets.

Included in the impairment values above are impairments of property, plant and equipment connected with Board-approved programmes relating to supply chain and IT transformation, as well as the reconfiguration of the Group's online operations. Assets have been impaired where their use is planned to be discontinued as a result of these programmes.

As disclosed in Note 1, Basis of preparation, the forecast cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and changes to these assumptions could lead to further impairments to assets. As a result, the Group has applied certain sensitivities in isolation to demonstrate the impact on the impairment charge of changes in key assumptions. The sensitivities include applying increases in the discount rate by two per cent and reductions in expected future cash flows by two per cent. Under these combined scenarios, the impairment charge for property, plant and equipment and right-of-use assets would increase by less than £1m.

The impairment assessment has also been performed on a pre-IFRS 16 basis. See Glossary on page 50.

13. Right-of-use assets

£m	**Land and buildings**	**Equipment**	**Total**
At 1 September 2023	**440**	**4**	**444**
Additions	**152**	**-**	**152**
Modifications and remeasurements	**48**	**-**	**48**
Disposals	**(8)**	**-**	**(8)**
Depreciation charge	**(110)**	**(2)**	**(112)**
Impairment charge	**(10)**	**-**	**(10)**
Effect of movements in foreign exchange rates	**(9)**	**-**	**(9)**
Net book value at 31 August 2024	**503**	**2**	**505**

£m	Land and buildings	Equipment	Total
At 1 September 2022	440	6	446
Additions	93	-	93
Modifications and remeasurements	41	1	42
Depreciation charge	(101)	(3)	(104)
Impairment charge	(15)	-	(15)
Effect of movements in foreign exchange rates	(18)	-	(18)
Net book value at 31 August 2023	440	4	444

Impairment of right-of-use assets
Right-of-use assets of £10m (2023: £15m) have been impaired in the year. This impairment charge has been presented in non-underlying items (see Note 4). The approach to impairment testing is described in detail in Note 12, Property, plant and equipment along with sensitivity analysis.

14. Lease liabilities

£m	**Land and buildings**	**Equipment**	**Total**
At 1 September 2023	**564**	**2**	**566**
Additions	**148**	**-**	**148**
Modifications and remeasurements	**47**	**-**	**47**
Disposals	**(12)**	**-**	**(12)**
Interest	**25**	**-**	**25**
Payments	**(135)**	**(1)**	**(136)**
Effect of movements in foreign exchange rates	**(12)**	**-**	**(12)**
At 31 August 2024	**625**	**1**	**626**

£m	Land and buildings	Equipment	Total
At 1 September 2022	574	3	577
Additions	91	-	91
Modifications and remeasurements	39	1	40
Disposals	(2)	-	(2)
Interest	19	-	19
Payments	(135)	(2)	(137)
Effect of movements in foreign exchange rates	(22)	-	(22)
At 31 August 2023	564	2	566

£m	**2024**	2023
Analysis of total lease liabilities:		
Non-current	**501**	450
Current	**125**	116
Total	**626**	566

The Group leases land and buildings for its retail stores, distribution centres, storage locations and office property. These leases have an average remaining lease term of 4 years. Some leases include an option to break before the end of the contract term or an option to renew the lease for an additional term after the end of the term. Management assess the lease term at inception based on the facts and circumstances applicable to each property.

Other leases are mainly forklift trucks for the retail stores and distribution centres, office equipment and vehicles. These leases have an average remaining lease term of 3 years.

The Group reviews the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. The Group may exercise extension options, negotiate lease extensions or modifications. In other instances, the Group may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. Certain property leases contain rent review terms that require rent to be adjusted on a periodic basis which may be subject to market rent or increases in inflation measurements.

Many of the Group's property leases, particularly in Travel locations, also incur payments based on a percentage of revenue (variable lease payments) achieved at the location. In line with IFRS 16, variable lease payments which are not based on an index or rate are not included in the lease liability. See Note 3 for the expense charged to the Income statement relating to variable lease payments not included in the measurement of the lease liability.

14. Lease liabilities (continued)

Details of Income statement charges for leases are set out in Note 3. The right-of-use asset categories on which depreciation is incurred are presented in Note 13. Interest expense incurred on lease liabilities is presented in Note 5.

The total cash outflow for leases in the financial year was £187m (2023: £181m). This includes cash outflow for short-term leases of £19m (2023: £19m) and variable lease payments (not included in the measurement of lease liability) of £32m (2023: £25m).

15. Contingent liabilities and capital commitments

£m	2024	2023
Bank guarantees and guarantees in respect of lease agreements	**71**	61

Bank guarantees are principally in favour of landlords and could be drawn down on by landlords in the event that the Group does not settle its contractual obligations under lease or other agreements.

Contracts placed for future capital expenditure approved by the directors but not provided for in these financial statements amount to £36m (2023: £27m).

£m	2024	2023
Commitments in respect of property, plant and equipment	**34**	25
Commitments in respect of other intangible assets	**2**	2
	36	27

16. Retirement benefit surplus

The WHSmith Pension Trust Final Salary Section is a funded final salary defined benefit scheme; it was closed to defined benefit service accrual on 2 April 2007 and has been closed to new members since 1996.

Following the purchase of a bulk annuity during the year ended 31 August 2022 (the buy in), the Trustee commenced the process to move to buy out and wind up of the scheme. During the year ended 31 August 2024 the Trustee completed the activities necessary to move to buy out, with administration transferred to Standard Life, and commenced formal winding up of the Scheme.

In June 2024, following the member consultation process and the conclusion of the statutory notification process, the Trustee was advised that it could legally distribute the remaining pension cash surplus to the sponsoring employer, and therefore confirmed its intention to return surplus assets, after associated costs, to the sponsor. As a result, the Group determined that it has an unconditional right to the surplus asset, and the IAS 19 post-tax surplus of £87m has been recognised through other comprehensive income in the year and the IFRIC 14 ceiling eliminated.

The amounts recognised in the Group balance sheet at 31 August 2024 are as follows:

£m	2024
Present value of the obligations	-
Fair value of plan assets	87
Net surplus recognised in the balance sheet	87

At the prior year balance sheet date, 31 August 2023, the Group did not have an unconditional right to derive economic benefit from any surplus in the scheme, as the Trustees retained the right to enhance benefits under the Trust deed, and therefore the present value of the economic benefits of any IAS 19 surplus in the pension scheme available to the Group was £nil. Accordingly, no balance sheet asset or liability existed at 31 August 2023 in relation to this scheme.

The amounts recognised in the Statement of other comprehensive income are as follows:

£m	2024
Reassessment of the recoverability of retirement benefit scheme surplus	87
Actuarial gains on defined benefit pension schemes	2
	89

The amounts recognised in the Income statement are as follows:

£m	2024
Administrative expenses (recognised in non-underlying items)	2

Costs of £2m relating to legal and consulting advice, Trustee indemnity insurance and run-off cover, have been incurred during the year ended 31 August 2024 in relation to the buy out and wind up of the scheme and have been recognised in the income statement in non-underlying items.

Post balance sheet event

In September 2024, the Trustee transferred the surplus assets to the Group, comprising cash of £75m and an investment in Permira Credit Solutions III Fund of £12m following finalisation of the buy-out of the defined benefit liabilities in the Retail Section of the WHSmith Pension Trust. The transfer of assets was net of applicable taxes payable by the Trust of taxes owed to HMRC, which were settled by the Trustee. As agreed with the Trustee, the return of the surplus preceded the formal winding up steps of the Retail Section.

The pension surplus of £87m (net of tax and costs) comprises cash of £75m and investments of £12m.

16. Retirement benefit surplus (continued)

Following the publication of an HMRC newsletter on 24 October 2024, the Group has become aware of a difference in interpretation of the rules on the calculation of the tax due between the Trustee and HMRC on the surplus arising from the buy out of the defined benefit pension scheme. As a result, the Group could be required to reimburse the Trustee £6m. This has not been recorded as a liability in the financial statements of the Group as at 31 August 2024.

17. Acquisitions

During the year, the Group completed a small number of acquisitions in Ireland and Australia for total consideration of £6m. These acquisitions resulted in the recognition of additions to goodwill of £6m. There were no acquisitions in the prior year.

18. Events after the balance sheet date

Share buyback programme

On 10 September 2024, the Company announced its intention to return up to £50m of cash to shareholders through a rolling share buyback programme. As at 13 November 2024, the Company has repurchased 0.4m of its own shares in the open market as part of the Company's share buyback programme for a consideration of £6m.

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures, 'APMs', which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures.

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share which excludes certain items, that are considered non-underlying and are not considered to be part of the normal operations of the Group. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance.

The Group exercises judgement in determining whether income or expenses are reported as non-underlying. This assessment includes consideration of the size, nature or cause of occurrence of the item, as well as consistency with prior periods. Non-underlying items can include, but are not limited to, restructuring and transformation costs linked to Board agreed programmes, costs relating to M&A activity, impairment charges and other property costs, significant items relating to pension schemes, amortisation of intangible assets acquired in business combinations, and the related tax effect of these items. Reversals associated with items previously reported as non-underlying, such as reversals of impairments and releases of provisions or liabilities are also reported in non-underlying items.

Items recognised in Other comprehensive income/loss may also be identified as non-underlying for the purposes of narrative explanation of the Group's performance, where the Group has determined that they are associated with the above categories and are judged to have met the Group's definition of non-underlying.

IFRS 16

The Group adopted IFRS 16 in the year ended 31 August 2020. IFRS 16 superseded the lease guidance under IAS 17 and the related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. At the commencement date of a lease, a lessee will recognise a lease liability for the future lease payments and an asset (right-of-use asset) representing the right to use the underlying asset during the lease term. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Management has chosen to exclude the effects of IFRS 16 for the purposes of narrative commentary on the Group's performance and financial position in the Strategic report. The effect of IFRS 16 on the Group income statement is to frontload total lease expenses, being higher at the beginning of a lease contract, and lower towards the end of a contract, and this is further influenced by timing of renewals and contract wins, and lengths of contracts. As a result of these complexities, IFRS 16 measures of profit and EBITDA (used as a proxy for cash generation) do not provide meaningful KPIs or measures for the purposes of assessing performance, concession quality or for trend analysis, therefore management continues to use pre-IFRS 16 measures internally.

The impact of the implementation of IFRS 16 on the Income statement and Segmental information is provided in Notes A1 and A2 below. There is no impact on cash flows, although the classification of cash flows has changed, with an increase in net cash flows from operating activities being offset by a decrease in net cash flows from financing activities, as set out in Note A9 below. The balance sheet as at 31 August 2024 both including and excluding the impact of IFRS 16 is shown in Note A10 below.

Leases policies applicable prior to 1 September 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the Group at their fair value determined at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. These assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. Lease payments are apportioned between finance charges and a reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised directly in the income statement.

Rentals payable and receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term. The Group has a number of lease arrangements in which the rent payable is contingent on revenue. Contingent rentals payable, based on store revenues, are accrued in line with revenues generated.

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

Definitions and reconciliations

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ('ESMA'), we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Income statement measures			
Headline measures	Various	See Notes A1-A10 & A12	Headline measures exclude the impact of IFRS 16 (applying the principles of IAS 17). Reconciliations of all Headline measures are provided in Notes A1 to A10 to A12.
Group profit before tax and non-underlying items	Group profit before tax	See Group income statement and Note A1	Group profit before tax and non-underlying items excludes the impact of non-underlying items as described below. A reconciliation from Group profit before tax and non-underlying items to Group profit before tax is provided on the Group income statement on page 22, and on a Headline (pre-IFRS 16) basis in Note A1.
Group profit from trading operations and segment trading profit	Group operating profit	See Note 2 and Note A2	Group profit from trading operations and segment trading profit are stated after directly attributable share-based payment and pension service charges and before non-underlying items, unallocated costs, finance costs and income tax expense. A reconciliation from the above measures to Group operating profit and Group profit before tax on an IFRS 16 basis is provided in Note 2 to the financial statements and on a Headline (pre-IFRS 16) basis in Note A2.
Non-underlying items	None	Refer to definition and see Note 4 and Note A6	Items which are not considered part of the normal operating costs of the business, are non-recurring and considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. An explanation of the nature of the items identified as non-underlying on an IFRS 16 basis is provided in Note 4 to the financial statements, and on a Headline (pre-IFRS 16) basis in Note A6.
Earnings per share before non-underlying items	Earnings per share	Non-underlying items, see Note 7 and Note A4	Profit for the year attributable to the equity holders of the parent before non-underlying items divided by the weighted average number of ordinary shares in issue during the financial year. A reconciliation is provided on an IFRS 16 basis in Note 7 and on a Headline (pre-IFRS 16) basis in Note A4.
Headline EBITDA	Group operating profit	Refer to definition	Headline EBITDA is Headline Group operating profit before non-underlying items adjusted for pre-IFRS 16 depreciation, amortisation and impairment.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Income statement measures (continued)			
Effective tax rate	None	Non-underlying items	Total income tax charge / credit excluding the tax impact of non-underlying items divided by Group Headline profit before tax and non-underlying items. See Note 6 on an IFRS 16 basis, and Notes A3 and A6 on a pre-IFRS 16 basis.
Fixed charges cover	None	Refer to definition	This performance measure calculates the number of times Headline Profit before tax covers the total fixed charges included in calculating profit or loss. Fixed charges included in this measure are net finance charges (excluding finance charges from IFRS 16 leases) and net operating lease rentals stated on a pre-IFRS 16 basis. The calculation of this measure is outlined in Note A5.
Gross margin	Gross profit margin	Not applicable	Where referred to throughout the Preliminary announcement statement, gross margin is calculated as gross profit divided by revenue.
Like-for-like revenue	Movement in revenue per the income statement	- Revenue change from non like-for-like stores - Foreign exchange impact	Like-for-like revenue is the change in revenue from stores that have been open for at least a year, with a similar selling space at a constant foreign exchange rate.
Balance sheet measures			
Headline net debt	Net debt	Reconciliation of net debt	Headline net debt is defined as cash and cash equivalents, less bank overdrafts and other borrowings and both current and non-current obligations under finance leases as defined on a pre-IFRS 16 basis. Lease liabilities recognised as a result of IFRS 16 are excluded from this measure. A reconciliation of Net debt on an IFRS 16 basis provided in Note A8.
Other measures			
Free cash flow	Net cash inflow from operating activities	See Note A7 and Group overview	Free cash flow is defined as the net cash inflow from operating activities before the cash flow effect of IFRS 16, non-underlying items and pension funding, less net capital expenditure. The components of free cash flow are shown in Note A7 and on page 16, as part of the Financial review.
Operating cash flow	Net cash inflow from operating activities	See Group overview	Operating cash flow is defined as Headline profit before tax and non-underlying items, excluding Headline depreciation, amortisation, impairment and other non-cash items. The components of Operating cash flow are shown on page 16, as part of the Financial review.
Return on capital employed (ROCE)	None	Not Applicable	Return on Capital Employed is calculated as the Headline trading profit as a percentage of operating capital employed, and is stated on a pre-IFRS 16 basis. Operating capital employed is calculated as the 12-month average net assets, excluding net debt, retirement benefit obligations and net current and deferred tax balances.
Leverage	None	Not Applicable	Leverage is calculated as Headline net debt divided by rolling 12 month Headline EBITDA before non-cash items (on a pre-IFRS 16 basis).

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

A1. Reconciliation of Headline to Statutory Group operating profit and Group profit before tax

	2024					
	pre-IFRS 16 basis			IFRS 16 Basis		
£m	Headline, before non-underlying items (pre-IFRS 16)	Headline non-underlying items (pre-IFRS 16)	Headline (pre-IFRS 16)	IFRS 16 adjustments	IFRS 16 adjustments non-underlying items	Total
Revenue	**1,918**	**-**	**1,918**	**-**	**-**	**1,918**
Cost of sales	**(706)**	**-**	**(706)**	**-**	**-**	**(706)**
Gross profit	**1,212**	**-**	**1,212**	**-**	**-**	**1,212**
Distribution costs	**(828)**	**-**	**(828)**	**20**	**-**	**(808)**
Administrative expenses	**(197)**	**-**	**(197)**	**(1)**	**-**	**(198)**
Other income	**6**	**-**	**6**	**1**	**-**	**7**
Non-underlying items	**-**	**(56)**	**(56)**	**-**	**1**	**(55)**
Group operating profit/(loss)	**193**	**(56)**	**137**	**20**	**1**	**158**
Finance costs	**(27)**	**(1)**	**(28)**	**(25)**	**1**	**(52)**
Profit/(loss) before tax	**166**	**(57)**	**109**	**(5)**	**2**	**106**
Income tax (charge)/credit	**(39)**	**9**	**(30)**	**1**	**-**	**(29)**
Profit/(loss) for the year	**127**	**(48)**	**79**	**(4)**	**2**	**77**
Attributable to:						
Equity holders of the parent	**117**	**(48)**	**69**	**(4)**	**2**	**67**
Non-controlling interests	**10**	**-**	**10**	**-**	**-**	**10**
	127	**(48)**	**79**	**(4)**	**2**	**77**

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

A1. Reconciliation of Headline to Statutory Group operating profit and Group profit before tax (continued)

	2023					
	pre-IFRS 16 basis			IFRS 16 Basis		
£m	Headline, before non-underlying items (pre-IFRS 16)	Headline non-underlying items (pre-IFRS 16)	Headline (pre-IFRS 16)	IFRS 16 adjustments	IFRS 16 adjustments non-underlying items	Total
Revenue	1,793	-	1,793	-	-	1,793
Cost of sales	(682)	-	(682)	-	-	(682)
Gross profit	1,111	-	1,111	-	-	1,111
Distribution costs	(756)	-	(756)	10	-	(746)
Administrative expenses	(196)	-	(196)	(1)	-	(197)
Other income	10	-	10	4	-	14
Non-underlying items	-	(13)	(13)	-	(13)	(26)
Group operating profit/(loss)	169	(13)	156	13	(13)	156
Finance costs	(26)	(2)	(28)	(19)	1	(46)
Profit/(loss) before tax	143	(15)	128	(6)	(12)	110
Income tax (charge)/credit	(28)	2	(26)	1	3	(22)
Profit/(loss) for the year	115	(13)	102	(5)	(9)	88
Attributable to:						
Equity holders of the parent	106	(13)	93	(5)	(9)	79
Non-controlling interests	9	-	9	-	-	9
	115	(13)	102	(5)	(9)	88

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

A2. Reconciliation of Headline to Statutory Segmental trading profit/(loss) and Group profit from trading operations

	2024				
	pre-IFRS 16 basis			**IFRS 16 basis**	
£m	**Headline, before non-underlying items (pre-IFRS 16)**	**Headline non-underlying items (pre-IFRS 16)**	**Headline (pre-IFRS 16)**	**IFRS 16 adjustments**	**Total**
Travel UK trading profit	**122**	**-**	**122**	**4**	**126**
North America trading profit	**54**	**-**	**54**	**4**	**58**
Rest of the World trading profit	**13**	**-**	**13**	**5**	**18**
Total Travel trading profit	**189**	**-**	**189**	**13**	**202**
High Street trading profit	**32**	**-**	**32**	**7**	**39**
Group profit from trading operations	**221**	**-**	**221**	**20**	**241**
Unallocated central costs	**(28)**	**-**	**(28)**	**-**	**(28)**
Group operating profit before non-underlying items	**193**	**-**	**193**	**20**	**213**
Non-underlying items	**-**	**(56)**	**(56)**	**1**	**(55)**
Group operating profit/(loss)	**193**	**(56)**	**137**	**21**	**158**

	2023				
	pre-IFRS 16 basis			IFRS 16 basis	
£m	Headline, before non-underlying items (pre-IFRS 16)	Headline non-underlying items (pre-IFRS 16)	Headline (pre-IFRS 16)	IFRS 16 adjustments	Total
Travel UK trading profit/(loss)	102	-	102	(1)	101
North America trading profit	49	-	49	3	52
Rest of the World trading profit	13	-	13	-	13
Total Travel trading profit	164	-	164	2	166
High Street trading profit	32	-	32	11	43
Group profit from trading operations	196	-	196	13	209
Unallocated central costs	(27)	-	(27)	-	(27)
Group operating profit before non-underlying items	169	-	169	13	182
Non-underlying items	-	(13)	(13)	(13)	(26)
Group operating profit/(loss)	169	(13)	156	-	156

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

A3. Reconciliation of Headline to Statutory tax expense

	2024			2023		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 adjustments**	**Total**	**Headline (pre-IFRS 16)**	**IFRS 16 adjustments**	**Total**
Profit before tax and non-underlying items	**166**	**(5)**	**161**	143	(6)	137
Tax on profit - Standard rate of UK corporation tax 25% (2023: blended rate of 21.5%)	**22**	**(1)**	**21**	14	(1)	13
Adjustment in respect of prior years	**-**	**-**	**-**	(2)	-	(2)
Total current tax charge/(credit)	**22**	**(1)**	**21**	12	(1)	11
Deferred tax – current year	**22**	**-**	**22**	19	-	19
Deferred tax – prior year	**(5)**	**-**	**(5)**	(3)	-	(3)
Deferred tax – adjustment in respect of change in tax rates	**-**	**-**	**-**	-	-	-
Tax charge/(credit) on Headline profit	**39**	**(1)**	**38**	28	(1)	27
Tax on non-underlying items – current tax	**(1)**	**-**	**(1)**	-	-	-
Tax on non-underlying items – deferred tax	**(8)**	**-**	**(8)**	(2)	(3)	(5)
Total tax charge/(credit) on profit	**30**	**(1)**	**29**	26	(4)	22

A4. Calculation of Headline and Statutory earnings per share

	2024		2023	
millions	**Basic EPS**	**Diluted EPS**	Basic EPS	Diluted EPS
Weighted average shares in issue (Note 8)	**129**	**131**	130	132

	2024			2023		
	Profit for the year attributable to equity holders of the parent	**Basic EPS**	**Diluted EPS**	Profit for the year attributable to equity holders of the parent	Basic EPS	Diluted EPS
	£m	**pence**	**pence**	£m	pence	pence
Headline (pre-IFRS-16 basis)						
- Before non-underlying items	**117**	**90.7**	**89.3**	106	81.5	80.3
- Non-underlying items	**(48)**	**(37.2)**	**(36.6)**	(13)	(10.0)	(9.8)
Total	**69**	**53.5**	**52.7**	93	71.5	70.5
IFRS 16 adjustments						
- Before non-underlying items	**(4)**	**(3.1)**	**(3.0)**	(5)	(3.8)	(3.8)
- Non-underlying items	**2**	**1.5**	**1.4**	(9)	(6.9)	(6.9)
Total	**(2)**	**(1.6)**	**(1.6)**	(14)	(10.7)	(10.7)
IFRS 16 basis						
- Before non-underlying items	**113**	**87.6**	**86.3**	101	77.7	76.5
- Non-underlying items	**(46)**	**(35.7)**	**(35.2)**	(22)	(16.9)	(16.7)
Total	**67**	**51.9**	**51.1**	79	60.8	59.8

A5. Fixed charges cover

£m	Note	2024	2023
Headline net finance costs (pre-IFRS 16)	A1	**27**	26
Net operating lease charges (pre-IFRS 16)	A12	**365**	326
Total fixed charges		**392**	352
Headline profit before tax and non-underlying items	A1	**166**	143
Headline profit before tax, non-underlying items and fixed charges		**558**	495
Fixed charges cover – times		**1.4x**	1.4x

A6. Non-underlying items on pre-IFRS 16 and IFRS 16 bases

	2024		2023	
£m	**Headline (pre-IFRS16)**	**IFRS 16**	Headline (pre-IFRS16)	IFRS 16
Amortisation of acquired intangible assets	**3**	**3**	3	3
Impairment of assets				
- property, plant and equipment	**18**	**15**	4	4
- intangible assets	**5**	**5**	-	-
- right-of-use assets	**-**	**10**	-	15
Provisions for onerous contracts	**11**	**6**	5	3
Transformation programmes – supply chain and IT	**9**	**9**	-	-
Costs associated with pensions	**2**	**2**	1	1
IFRS 16 remeasurement gains	**-**	**(3)**	-	-
Costs relating to M&A activity and Group legal entity structure	**4**	**4**	-	-
Re-platform of whsmith.co.uk and other costs	**4**	**4**	-	-
Non-underlying items, included in operating profit	**56**	**55**	13	26
Finance costs associated with refinancing	**-**	**-**	1	1
Finance costs associated with onerous contracts	**1**	**-**	1	-
Non-underlying items, before tax	**57**	**55**	15	27
Tax credit on non-underlying items	**(9)**	**(9)**	(2)	(5)
Non-underlying items, after tax	**48**	**46**	13	22

Non-underlying items on a pre-IFRS 16 basis are calculated on a consistent basis with IFRS 16, with the exception of the below items.

Impairment of right-of-use assets
On a pre-IFRS 16 basis right-of-use assets are not recognised, therefore the right-of-use asset impairment of £10m is also not recognised.

Provisions for onerous contracts
A charge of £11m has been recognised on a pre-IFRS 16 basis to provide for the unavoidable costs of continuing to service certain non-cancellable supplier and lease contracts where the space is vacant, a contract is loss-making or currently not planned to be used for ongoing operations. On an IFRS 16 basis this charge is £6m, as the charge is partially offset by impairments to right-of-use assets of £10m that are not recognised on a pre-IFRS 16 basis.

A6. Non-underlying items on pre-IFRS 16 and IFRS 16 bases (continued)

IFRS 16 remeasurement gains
Gains of £3m have been recognised under IFRS 16 that have resulted from the derecognition of lease liabilities on exit from certain locations, in which right-of-use assets were previously impaired. Lease liabilities and right-of-use assets are not recognised on a pre-IFRS 16 basis, and therefore these gains do not exist in the Headline measure of non-underlying items.

A tax credit of £9m (2023: £5m) has been recognised in relation to the above items (£9m pre-IFRS 16 (2023: £2m)).

A7. Free cash flow

£m	2024	2023
Net cash inflow from operating activities	**275**	251
Cash flow impact of IFRS 16 (Note A9)	**(111)**	(116)
Add back:		
- Cash impact of non-underlying items	**28**	9
- Financing arrangement fees	**-**	3
- Other non-cash items	**(8)**	(5)
Deduct:		
- Purchase of property, plant and equipment	**(115)**	(106)
- Purchase of intangible assets (incl. £2m non-underlying capital expenditure)	**(16)**	(16)
Free cash flow	**53**	20

A8. Headline net debt

The table below shows Headline net debt (pre-IFRS 16). This includes lease liabilities that were previously presented as finance leases (applying the principles of IAS 17), and Group accounting policies as applicable prior to 1 September 2019, described in the Glossary on page 50, but excludes additional lease liabilities recognised on application of IFRS 16.

£m	2024	2023
Borrowings		
- Revolving credit facility	**(117)**	(84)
- Convertible bonds	**(310)**	(301)
- Lease liabilities (Note 14)	**(626)**	(566)
Liabilities from financing activities	**(1,053)**	(951)
Cash and cash equivalents	**56**	56
Net debt (IFRS 16) (Note 9)	**(997)**	(895)
Add back lease liabilities recognised under IFRS 16[1]	**626**	565
Headline net debt (pre-IFRS 16)	**(371)**	(330)

[1]Excludes lease liabilities previously recognised as finance leases on a pre-IFRS 16 basis.

WH Smith PLC
Glossary (unaudited)
For the year ended 31 August 2024

A9. Cash flow disclosure impact of IFRS 16

There is no impact of IFRS 16 on cash flows, although the classification of cash flows has changed, with an increase in net cash flows from operating activities being offset by a decrease in net cash flows from financing activities.

	2024			2023		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 Adjustment**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16 Adjustment	IFRS 16
Net cash inflows from operating activities	**164**	**111**	**275**	135	116	251
Net cash outflows from investing activities	**(137)**	**-**	**(137)**	(122)	-	(122)
Net cash outflows from financing activities	**(27)**	**(111)**	**(138)**	(87)	(116)	(203)
Net decrease in cash in the period	**-**	**-**	**-**	(74)	-	(74)

A10. Balance sheet impact of IFRS 16

The balance sheet including and excluding the impact of IFRS 16 is shown below:

	2024			2023		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 Adjustment**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16 Adjustment	IFRS 16
Goodwill and other intangible assets	**491**	**(1)**	**490**	506	(1)	505
Property, plant and equipment	**308**	**8**	**316**	263	7	270
Right-of-use assets	**-**	**505**	**505**	-	444	444
Investments in joint ventures	**2**	**-**	**2**	2	-	2
	801	**512**	**1,313**	771	450	1,221
Inventories	**217**	**-**	**217**	205	-	205
Payables less receivables	**(183)**	**(7)**	**(190)**	(216)	(3)	(219)
Working capital	**34**	**(7)**	**27**	(11)	(3)	(14)
Net current and deferred tax assets	**33**	**-**	**33**	45	-	45
Provisions	**(28)**	**11**	**(17)**	(26)	9	(17)
Operating assets employed	**840**	**516**	**1,356**	779	456	1,235
Net debt	**(371)**	**(626)**	**(997)**	(330)	(565)	(895)
Net assets excluding retirement benefit surplus	**469**	**(110)**	**359**	449	(109)	340
Retirement benefit surplus	**87**	**-**	**87**	-	-	-
Total net assets	**556**	**(110)**	**446**	449	(109)	340

A11. Like-for-like revenue reconciliation

The reconciling items between like-for-like revenue change and total revenue change are shown below:

£m	Travel UK	North America	Rest of the World	Travel Total	High Street	Group
Like-for-like revenue change	10%	-%	9%	**7%**	(2)%	**5%**
Net space impact	2%	9%	9%	**5%**	(2)%	**3%**
Foreign exchange	-%	(3)%	(3)%	**(1)%**	-%	**(1)%**
Total revenue change	12%	6%	15%	**11%**	(4)%	**7%**

A12. Operating lease expense

Amounts recognised in Headline Group operating profit on a pre-IFRS 16 basis are as follows:

£m	2024	2023
Net operating lease charges	**365**	326

In the year ended 31 August 2020, the Group adopted IFRS 16. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model as the distinction between operating and finance leases is removed. In order to provide comparable information the Group has chosen to present Headline measures of operating profit and profit before tax, as explained in Note 2 segmental analysis.

The table above presents the pre-IFRS 16 net operating lease charges, applying the principles of IAS 17, and Group accounting policies as applicable prior to 1 September 2019, as described in the Glossary on page 50.

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The Group has a number of lease arrangements in which the rent payable is contingent on revenue. Contingent rentals payable, based on store revenues, are accrued in line with revenues generated. The average remaining lease length across the Group is 4 years.

Rentals payable and receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.