25 April 2024

WH SMITH PLC
The global travel retailer

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

Good first half performance; Group well positioned for peak summer trading period and on track to deliver full year expectations

- Total Group revenue up 8% to £926m (2023: £859m)
  - Total revenue in Travel up 13%, with Travel UK up 15% year on year; North America up 13%*; Rest of the World ('ROW') up 24%*
- Headline Group profit before tax and non-underlying items[1] of £46m (2023: £45m)
  - Total Travel trading profit[†1] of £50m (2023: £47m)
  - High Street trading profit[†1] of £22m (2023: £24m)
- Headline diluted EPS before non-underlying items[1] up 5% to 24.4p
- Investing for growth with capex in the current financial year expected to be around £140m
- New store pipeline of over 80 stores[2] won and yet to open in Travel, including over 50 in North America. Expect to open c.110 stores this financial year
- Interim dividend of 11.0p per share, reflecting strong trading and cash generation combined with confidence in future prospects
- Strong balance sheet with leverage[1] now at 1.8x with further strengthening expected
- Good start to the second half. Trading momentum continues ahead of peak summer period

Carl Cowling, Group Chief Executive, commented:

"The Group is in its strongest ever position as a global travel retailer. We have had a good first half and our businesses are well positioned for the peak summer trading period. Total Travel revenue is up 13%. The Board is today announcing an interim dividend of 11.0p reflecting current trading and the significant medium and long term prospects for our global travel business.

"Our Travel divisions are trading well and I am particularly pleased with the outstanding performance from our UK Travel business which has seen a 19% increase in trading profit. We continue to make excellent progress in this division, growing our space and broadening our categories as we transition to a one-stop-shop for travel essentials.

"In North America, it has been a very active period where we have opened a further 13 stores. We have also now fully integrated InMotion into our core airport business. This will allow us to sell tech accessories more effectively across our North American airport estate and generate operational efficiencies.

"None of this would be possible without the exceptional efforts of the entire team and I am extremely grateful for their ongoing commitment and hard work.

"The second half of the financial year has started well, and we are on track to deliver full year expectations. We are confident that 2024 will be another year of significant progress for the Group."

* On a constant currency basis
† Pre-IFRS 16
[1] Alternative Performance Measure (APM) defined and explained in the Glossary on page 40
[2] Pipeline as at 29 February 2024

Group financial summary

	IFRS		Headline pre-IFRS 16[3]	
	6 months to Feb 2024	6 months to Feb 2023	**6 months to Feb 2024**	6 months to Feb 2023
Travel UK trading profit[1]	£39m	£31m	£37m	£31m
North America trading profit[1]	£14m	£16m	£14m	£14m
Rest of the World ('ROW') trading profit/(loss)[1]	£1m	£2m	£(1)m	£2m
Total Travel trading profit[1]	£54m	£49m	£50m	£47m
High Street trading profit[1]	£27m	£32m	£22m	£24m
Group profit from trading operations[1]	£81m	£81m	£72m	£71m
Group profit before tax and non-underlying items[1]	£44m	£47m	£46m	£45m
Diluted earnings per share before non-underlying items[1]	22.9p	24.8p	24.4p	23.3p
Non-underlying items[1]	£(16)m	£(2)m	£(14)m	£(2)m
Group profit before tax	£28m	£45m	£32m	£43m
Basic earnings per share	13.2p	24.6p	15.5p	23.1p
Diluted earnings per share	13.0p	24.1p	15.2p	22.6p

Revenue performance

	6 months to Feb 2024 £m	6 months to Feb 2023 £m	% change	% change (constant currency)
Travel UK	360	314	15%	15%
North America	189	177	7%	13%
Rest of the World	121	102	19%	24%
Total Travel	670	593	13%	15%
High Street	256	266	(4)%	(4)%
Group	**926**	**859**	**8%**	**9%**

[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 periods ended 29 February 2024, 31 August 2023 and 28 February 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 40.

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

GROUP OVERVIEW

The Group has had a good first half with Total Travel generating Headline trading profit[1] of £50m (2023: £47m), Headline Group profit before tax and non-underlying items[1] up 2% to £46m (2023: £45m) and Headline diluted EPS before non-underlying items[1] up 5% to 24.4p (2023: 23.3p).

We continue to see strong momentum across all our markets as we benefit from growing passenger numbers. We also see further growth ahead from increasing our spend per passenger and average transaction value ("ATV"), expanding our categories, and expanding our space by continuing to win new stores across the globe utilising our broad suite of brands.

The pace of winning new business in Travel remains strong. Across the UK, North America and ROW we won 31 stores in the half and now have over 80 stores won and due to open, of which we expect to open over 55 in the second half of this financial year. In total, we expect to open c.110 stores this financial year, and close c.60 as we focus on better quality space.

Travel is well positioned to continue to create value through the structurally advantaged markets in which it operates 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.

Our forensic approach to retailing combined with the scalability of our business internationally 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 progressing very well. Our one-stop-shops are delivering good results and we still have significant scope to further maximise the opportunities that this transformation provides. By using our forensic approach to retailing, we are able to consolidate existing categories and introduce new ones such as tech accessories, food and health and beauty. This transformation is most evident in our largest stores at London Heathrow, London Gatwick and Birmingham airports. We see significant opportunities to roll this format out across all stores and channels. The rollout is well progressed in the UK, while across our North America and ROW divisions we are only at the very start of this journey. This format is proving a winning formula not only for customers but also landlords, and it improves profitability.

We have made substantial progress, supported by the key pillars of our strategy and our ongoing forensic approach to retailing across each of our businesses.

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;
  - Internationalising the InMotion brand;
  - Improving ranges, e.g. 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 £140m);
  - Productivity and efficiencies

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

In the first half, Total Travel was approximately 72% of Group revenue and 69% of Headline Group profit from trading operations[1]. Both of these measures will increase as we continue to grow Travel.

Group revenue

	6 months to Feb 2024			7 weeks to 20 April 2024
	Total revenue vs 2023	**Total revenue at constant currency vs 2023[4]**	**LFL revenue[1] vs 2023**	**Total revenue at constant currency vs 2023[4]**
Travel UK	15%	15%	13%	9%
North America	7%	13%	-%	4%
Rest of the World	19%	24%	12%	17%
Total Travel	**13%**	**15%**	**10%**	**9%**
High Street[5]	(4)%	(4)%	(2)%	**(4)%**
Group	**8%**	**9%**	**6%**	**6%**

[4] Constant currency
[5] Includes internet businesses

Total Group revenue at £926m (2023: £859m) was up 8% for the first six months compared to the prior year.

In Travel, we saw a strong performance across all our markets. Total Travel revenue for the first half was up 15%[4] and up 10% on a like-for-like[1] ('LFL') basis. This was driven by strong performances in all three Travel divisions with Total sales in the UK up 15%, North America up 13%[4], and ROW up 24%[4].

We saw a good performance in High Street throughout the period, with store LFL revenue up 1% year on year during the important Christmas trading period.

In the 7 week period to 20 April 2024, Total Travel revenue was up 9%[4] with all three divisions continuing to perform well. As expected, we have seen lower growth rates in the second half to date as we annualise the strong recovery in passenger numbers in the second half of 2023. Spend per passenger remains strong. In North America, the change in growth rate reflects the timing of the store opening programme.

Group profit

For the six month period to 29 February 2024, Total Travel delivered a Headline trading profit[1] of £50m (2023: £47m).

In Travel UK, Headline trading profit[1] increased by £6m to £37m. Momentum is strong and we are seeing good results, with revenue growing ahead of passenger numbers. In North America, Headline trading profit[1] was £14m in line with the prior year, reflecting significant investment to support growth in the period. ROW delivered a Headline trading loss[1] of £1m, reflecting pre-opening costs and investment in new stores in the half as we continue to build the business. We expect second half profit in all three divisions to be up on last year.

High Street delivered a Headline trading profit[1] of £22m (2023: £24m), in line with expectations.

Headline Group profit from trading operations[1] for the period was £72m (2023: £71m) with Headline Group profit before tax and non-underlying items[1] at £46m (2023: £45m).

Group balance sheet

The Group has a strong balance sheet, is highly cash generative and has substantial liquidity.

The Group has the following cash and committed facilities as at 29 February 2024:

	29 February 2024	Maturity
Cash and cash equivalents[6]	£44m	
Revolving Credit Facility[7]	£400m	June 2028
Convertible bonds	£327m	May 2026

[6] Cash and cash equivalents comprises cash on deposit of £27m and cash in transit of £17m
[7] Draw down of £176m as at 29 February 2024

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 29 February 2024, Headline net debt[1] was £437m (31 August 2023: £330m) and the Group has access to c. £251m of liquidity (£27m cash on deposit and £224m undrawn RCF). Leverage[1] at 29 February 2024 was 1.8x Headline EBITDA[1] (28 February 2023: 2.0x). We expect to be within our leverage envelope of between 0.75x and 1.25x Headline EBITDA[1] by the end of the current financial year.

Group cash flow

The Group generated an operating cash flow[1] of £94m (2023: £90m) in the half, demonstrating the cash generative nature of the business. Capex was £65m (2023: £60m) as we continue to invest in new stores, where we get returns well ahead of our cost of capital. As expected, we had a working capital outflow of £68m[8] in the first half (2023: £79m). Of this outflow, most results from the usual working capital cadence in the Group where there has been a large working capital outflow in the first half due to the seasonality in the Travel business. As the Travel businesses grows, we will see greater seasonality in our cash flows. The balance mainly relates to the investment in new stores. In total, there was a free cash outflow in the half of £56m (2023: £66m).

For the full year, we expect to generate a free cash inflow, reflecting the normal working capital cadence of the Group and the substantial level of operating cash flows[1] generated by the Group during the second half. We anticipate full year Headline net debt[1] to be in the region of £330m.

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 for growth in our existing business and in new opportunities where rates of return are ahead of the cost of capital. This financial year, we expect capex of c.£140m. The returns in Travel are good with ROCE[9] in the UK at 32%, North America at 15% and ROW at 16%.
- Second, paying a dividend, we have a progressive dividend policy with a target dividend cover, over time, of 2.5x; the Board is declaring an interim dividend of 11.0p per share
- Third, undertaking attractive value-creating acquisitions in strong and growing markets;
- And, fourthly, returning surplus cash to shareholders via share buy backs.

The Board has declared an interim dividend of 11.0p per share. This reflects our strong start to the year, the cash generative nature of the business and our confidence in the future prospects of the Group. Our intention is to return, in time, to a cover ratio of around 2.5 times earnings[10], paid on an interim and final basis on a 1/3:2/3 split. The dividend will be paid on 1 August 2024 to shareholders registered at the close of business on 12 July 2024.

[8] Pre-IFRS 16
[9] Return on capital employed. ROCE is an Alternative Performance Measure (APM) defined and explained in the Glossary on page 40.
[10] Headline diluted earnings per share, before non-underlying items.

TOTAL TRAVEL

Total Travel revenue for the period was £670m (2023: £593m), up 13% compared to the previous year, generating a Total Travel Headline trading profit[1] of £50m (2023: £47m).

£m	Trading profit[1] (IFRS)		Headline trading profit/(loss)[1] (pre-IFRS 16)		Revenue	
	6 months to Feb 2024	**6 months to Feb 2023**	**6 months to Feb 2024**	**6 months to Feb 2023**	**6 months to Feb 2024**	**6 months to Feb 2023**
Travel UK	**39**	31	**37**	31	**360**	314
North America	**14**	16	**14**	14	**189**	177
Rest of the World	**1**	2	**(1)**	2	**121**	102
Total Travel	**54**	49	**50**	47	**670**	593

In Travel, our initiatives position us well for continued 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. During the half we opened 53 stores and we have won 31 additional stores. We now have a store pipeline of over 80 stores, which are due to open over the next three years. Going forward, we expect to win, on average, 50-60 stores each year. There are significant space growth opportunities across all our Travel markets.
- ***ATV growth and spend per passenger***
  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 many of our units to a one-stop-shop for travel essentials is an important driver of this growth. During the period, we have continued to focus on re-engineering our ranges and we continue to see good ATV growth across all 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 premium food ranges. Throughout the half, we have focused 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 a very strong first half performance and we continue to see good opportunities to grow this division further.

Total revenue in the period was £360m (2023: £314m) which, together with improved margins, resulted in a Headline trading profit[1] of £37m (2023: £31m).

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 in the period with total revenue growth of 15% versus last year. The second half has also started strongly with total revenue up 9% versus last year for the first 7 weeks.

We are investing in our UK store portfolio while also identifying new and better quality space opportunities across each of our channels. During the half, we have made good progress opening 5 new stores, including 1 airport, 2 hospitals and 2 rail stores, including a standalone InMotion store at London Euston Station. We are on track to open a further 10 stores in the second half of the financial year. We see this annual space growth of around 10 to 15 new stores in Travel UK extending into the medium term. We closed 3 small and less well located stores in the half.

Revenue Growth by Channel

	6 months to Feb 2024		7 weeks to 20 April 2024
	Total revenue vs 2023	**LFL revenue[1] vs 2023**	**Total revenue vs 2023**
Air	14%	14%	8%
Hospitals	16%	14%	15%
Rail	17%	13%	7%
Total Travel UK	**15%**	**13%**	**9%**

Air

Air, which is the biggest channel in Travel UK, delivered a strong performance with total revenue up 14% and LFL revenue also up 14% on the prior year.

We continually develop our retail formats to better address the changing requirements of airport landlords and customers. Our one-stop-shop format is a great example of how we evolve our travel retail formats. It is delivering good results, improving profitability and generating significant opportunities. We see plenty of scope to extend this format further in Air.

During the half, we opened our 6,000 sq ft flagship one-stop-shop for travel essentials store at Birmingham airport. The store is performing well and is trading ahead of plan.

This store offers a localised design tailored to the requirements of the landlord and provides passengers with a bespoke customer experience, encompassing everything you would expect from a WHSmith, as well as a broader product range, including health and beauty, a tech zone, food and a coffee offer.

Our one-stop-shop formats have extended categories such as health and beauty, tech accessories and food to go. We are therefore able to provide time-pressed customers with all their travel essentials under one roof with a fast and convenient shopping experience which has resulted in an increase in sales per square foot, a higher ATV and spend per passenger. This delivers superior returns with improved margins and attractive economics for our landlords.

Hospitals

The Hospitals channel, our second largest channel in Travel UK by revenue, continued its very strong growth with total revenue up 16% and LFL revenue up 14% in the half.

During the half, we have focused on further improving our retail proposition for the specific needs of hospital staff, visitors and patients by providing an increased range of food, health and beauty products and tech accessories. We see further significant scope to improve customer conversion.

There are good growth opportunities for us in this channel through increasing space using our broad suite of brands (WHSmith, Marks & Spencer Simply Food, Costa Coffee, and our proprietary coffee brands). During the half, we opened 2 new stores, including our new coffee concept at Sheffield Hallam Hospital under the District Market Coffee brand. We are excited by the opportunity to grow our coffee and food offer. We see scope for at least one of our formats in up to 200 further hospitals.

Rail

Rail is also an attractive market. During the half, we delivered a strong performance with total revenue up 17% and LFL revenue up 13%.

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, the opening of a new InMotion store at Euston station and widening our health and beauty ranges across many of our rail stores. We are seeing very good results.

As at 29 February 2024, Travel UK had 590 stores. Over the next three years, we expect to win and open an additional 10 to 15 stores each year in Travel UK, with the majority of the new stores in the Hospitals channel.

NORTH AMERICA

North America is the Group's most exciting opportunity for growth. This division has become an increasingly significant part of the Group and is now our second largest division in full year profit terms, after Travel UK.

During the half, we delivered a good performance as passenger numbers in Air continued to grow. We have increased revenue by 13% on a constant currency basis, improved gross margins and we continue to invest in our store estate. Total revenue was £189m (2023: £177m), an increase of 7%. Headline trading profit[1] was £14m (2023: £14m) reflecting significant investment to support growth in the period.

Our approach in North America is different to our approach in the UK. Given it is in a much earlier stage of development, our focus for this division is and has been centred on winning and opening new stores with a target of building market share to 20% over the next four years. The new space opportunities are substantial. Our analysis of the North American market shows that there is a total of approximately 2,000 news and gift and specialty retail stores across the top 70 airports, of which we currently operate or have won over 260 stores[11]. This demonstrates the scale of opportunity in this market and gives us confidence in growing our market share.

A key driver of our growth has been our ability to win significant new tenders. We are currently part of more live tenders than we have ever been involved in before and we continue to grow the business at pace. We opened a further 13 stores in the period increasing our market share and improving the quality of our space. This included opening some significant new stores at Salt Lake City, Nashville, Boston, La Guardia, Denver, Chicago O'Hare, Washington Ronald Reagan, Las Vegas and Los Angeles airports. Early results are good, and customer and landlord feedback has been positive. During the period, we also closed 11 stores, consistent with our strategy of improving the quality of our store estate.

We still have a very strong pipeline of new store openings. So far this year, we have won an additional 7 stores, including stores at Las Vegas and Palm Springs airports and Rio Las Vegas resort. This takes our new store pipeline to over 50 stores due to open.

Including the 13 store openings in the first half, we now have 236 stores in Air (including 120 InMotion stores), 91 stores in Resorts and 2 stores in Rail.

In addition to winning new and better quality space, we also see significant scope to improve our existing business through applying the forensic approach to retailing which has been so successful in the UK to the North American market.

During the half, we have combined our core MRG airport business with our InMotion business bringing a number of strategic and operational benefits which will drive improved returns. These include introducing tech accessories into our MRG stores and optimising the operational structure of our teams across the airports in which we operate. We now have one manager per terminal in airports supporting both the MRG and InMotion stores.

This combination of MRG Air and InMotion will be described as North America Air and now accounts for approximately 75% of total North America revenue. We will now report one LFL metric for our North America Air business going forward and in the first half we saw Air LFL up 2%. Trends in our smaller Resorts business remain as previously reported.

[11] Including stores won and yet to open

We continuously review our ranges to drive productivity and returns. During the second half, we will be introducing more drinks chillers into stores thereby increasing the space for drinks by c.20% for an average store. We have also invested in furthering our supply chain capabilities on the East Coast with a new consolidation centre being implemented in New Jersey. This approach will provide efficiencies by combining all direct deliveries from our suppliers to New York airports and Atlantic City into one delivery centre, therefore reducing costs and enabling a single combined delivery direct to our stores.

While some of this investment has meant that we have seen flat profits in the first half, these initiatives will be a key driver of growth and put us in a strong position for the second half. Importantly, they will also support the longer term sustainable success of the business.

Our North American business is subject to changes in the GBP:USD exchange rates. A 5 cent move results in a change of £2m to trading profit[1] in the second half. The first half was negatively impacted by £1m compared to the prior year due to changes in exchange rates.

Our North American business is trading well with total revenue in the first 7 weeks of the second half up 4%[4] and is well-placed for growth this year and beyond. The change in the growth rate reflects timing of the new store opening programme.

REST OF THE WORLD

Total revenue for the half in ROW was up 19% and LFL revenue up 12% on the prior year. Revenue in the first 7 weeks of the second half was up 17%[4] on the prior year. Headline trading loss[1] was £1m (2023: profit of £2m) reflecting pre-opening costs and investment in new stores in the half as we continue to build the business in this division. We expect profit in the second half to be up on last year.

Our strategy for this division is clear: to enter key countries, build our presence from a small base, better understand the market, create efficiencies (such as our EU distribution hub), and build global supplier relationships, while at the same time delivering good returns. We are now present in 29 countries and the scalability of the Group's retail formats means there are significant market share opportunities across multiple territories. We will continue to use our three operating models of directly run, joint venture and franchise, in order to maximise value and win new business.

During the half, we opened 35 new stores, including stores in Australia, Spain and Sweden. We also recently opened our new 2,900 sq ft flagship store at Budapest Airport, a new market for WHSmith. In the balance of this financial year, we anticipate opening a further 16 new stores.

We continue to see good opportunities to win new business in the tech accessories market under our InMotion brand. InMotion is now a globally recognised brand with interest coming from all over the world. To date, we have won a total of 13 InMotion stores outside of the UK and North America, of which 12 are open.

We remain well positioned to benefit from further opportunities as more space becomes available. We now have 351 stores open and a further 22 won and yet to open. Of the 351 stores open, 50% are directly-run, 8% are joint venture and 42% are franchise.

Total Travel stores

During the half, we opened 53 stores in Travel. As at 29 February 2024, our global Travel business operated from 1,270 units (31 August 2023: 1,253 units). As part of our strategy to improve the quality of our space, we closed 36 stores in the period, mostly smaller, less well-located stores. Excluding franchise units, Travel occupies 1.1m square feet. See page 17 for analysis of store numbers by region.

No. of stores	At 31 August 2023	Opened	Closed	**At 29 February 2024**
Travel UK	588	5	(3)	**590**
North America	327	13	(11)	**329**
Rest of the World	338	35	(22)	**351**
Total Travel	1,253	53	(36)	**1,270**

HIGH STREET

High Street delivered a good performance in the half, in line with expectations, with Headline trading profit[1] of £22m (2023: £24m) and revenue of £256m (2023: £266m). We continue to manage the business tightly, keeping focused on costs and cash generation.

As we grow Travel, this division is becoming a smaller part of the overall Group. The High Street division which now accounts for around 15% of full year Group profit from trading operations[1], is profitable and highly cash generative.

Our strategy for our High Street business is clear and consistent - to manage our space to maximise returns and maintain a flexible cost structure – and 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.

As part of our approach to space management, we will be extending our partnership with Toys“R”Us in the second half. We have recently signed a new exclusive agreement to deliver a further 30 store-in-stores by the end of this financial year. This follows a successful launch last year and will provide customers in these locations with an improved toys and games offer.

Driving efficiencies remains a core part of that strategy and we continue to focus on all areas of cost in the business. During the first half, we have delivered savings of £8m and we are on track to deliver savings of £13m in the current year. These savings come from right across the business, including rent savings at lease renewal (on average around 40%) which continue to be a significant proportion, 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, which means we are well positioned to respond to changing market conditions. The average lease length in our High Street business, including where we are currently holding over at lease end, is under two years. We only renew a lease where we are confident of delivering economic value over the life of that lease. We have c.475 leases due for renewal over the next three 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 29 February 2024, the High Street business operated from 506 stores (31 August 2023: 514) which occupy 2.5m sq ft (31 August 2023: 2.5m sq ft). 8 stores were closed in the period.

Funkypigeon.com delivered total revenue of £18m (2023: £17m) and Headline EBITDA[1] of £2m (2023: £1m). We continue to see opportunities to grow the platform further and grow revenue and profits over the medium-term.

ENVIRONMENTAL, SOCIAL AND CORPORATE 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 specialty retailers in Morningstar’s Sustainalytics ESG Benchmark and, during the half, we were awarded an AA from MSCI ESG ratings. 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.

We have set our target to achieve net zero by 2050 and are working with our supply chain to help reduce emissions across our value chain. Our Scope 1 and 2 emissions continue to fall and more than 25% of our supply chain emissions are now covered by science-based targets, demonstrating good progress towards our target of 30% 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

£m	IFRS 6 months to Feb 2024	IFRS 6 months to Feb 2023	Headline pre-IFRS 16[1] 6 months to Feb 2024	Headline pre-IFRS 16[1] 6 months to Feb 2023
Travel UK trading profit[1]	**39**	31	**37**	31
North America trading profit[1]	**14**	16	**14**	14
Rest of the World trading profit/(loss)[1]	**1**	2	**(1)**	2
Total Travel trading profit[1]	**54**	49	**50**	47
High Street trading profit[1]	**27**	32	**22**	24
Group profit from trading operations[1]	**81**	81	**72**	71
Unallocated central costs[1]	**(13)**	(13)	**(13)**	(13)
Group operating profit before non-underlying items[1]	**68**	68	**59**	58
Net finance costs	**(24)**	(21)	**(13)**	(13)
Group profit before tax and non-underlying items[1]	**44**	47	**46**	45
Non-underlying items[1]	**(16)**	(2)	**(14)**	(2)
Group profit before tax	**28**	45	**32**	43
Income tax charge	**(8)**	(10)	**(9)**	(10)
Profit for the period	**20**	35	**23**	33
Attributable to:				
Equity holders of the parent	**17**	32	**20**	30
Non-controlling interests	**3**	3	**3**	3
	20	35	**23**	33

Total Travel Headline trading profit[1] in the period was £50m (2023: £47m) of which the largest division, Travel UK, generated a Headline trading profit[1] of £37m (2023: £31m). We expect good profit growth across all Travel divisions in the second half.

The Group generated a Headline profit before tax and non-underlying items[1] of £46m (2023: £45m) and, after non-underlying items and IFRS 16, a Group profit before tax of £28m (2023: £45m).

Net finance costs

£m	IFRS 6 months to Feb 2024	IFRS 6 months to Feb 2023	Headline pre-IFRS 16[1] 6 months to Feb 2024	Headline pre-IFRS 16[1] 6 months to Feb 2023
Interest payable on bank loans and overdrafts	**6**	5	**6**	5
Interest on convertible bonds – cash	**3**	3	**3**	3
Interest on convertible bonds – non-cash	**4**	4	**4**	4
Unwind of discount on onerous contract provisions	**-**	-	**-**	1
Interest on lease liabilities	**11**	9	**-**	-
Net finance costs before non-underlying items	**24**	21	**13**	13

Headline net finance costs for the half were £13m (2023: £13m). This includes cash costs of £8m and £4m relating to the non-cash debt accretion charge from the convertible which has a fixed coupon of 1.625%.

Lease interest of £11m (2023: £9m) arises on lease liabilities recognised under IFRS 16, bringing the total net finance costs under IFRS 16 to £24m (2023: £21m).

Tax

The effective tax rate[1] was 24% (2023: 23%) on the profit for the half, 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 period were £9m (2023: £10m) after using all possible loss relief. Based on current legislation, we expect the effective tax rate[1] in the full year to be around 24%.

Earnings per share

Calculation of Headline earnings per share[1]

	Headline pre-IFRS 16[1]	
	6 months to Feb 2024	**6 months to Feb 2023**
Headline profit before tax[1, 12] (£m)	**46**	45
Income tax expense[12] (£m)	**(11)**	(11)
Headline profit for the period[12] (£m)	**35**	34
Attributable to non-controlling interests (£m)	**(3)**	(3)
Headline profit for the period attributable to equity holders of WH Smith PLC[12] (£m)	**32**	31
Weighted average shares in issue (diluted) (no. of shares - millions)	**131**	133
Headline diluted EPS[1, 12] (p)	**24.4p**	23.3p

[12] Before non-underlying items

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

EPS calculated on an IFRS 16 basis is provided in Note 7 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 45.

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. As at 29 February 2024 the profit attributable to non-controlling interests was £3m (2023: £3m).

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 period are detailed in the table below. These items mostly do not have a cash impact.

		IFRS			Headline pre-IFRS 16[1]		
£m	Ref	6 months to Feb 2024	6 months to Feb 2023	Year ended Aug 2023	6 months to Feb 2024	6 months to Feb 2023	Year ended Aug 2023
Impairment of non-current assets	(1)	**9**	-	19	**6**	-	4
Provisions for onerous contracts	(2)	**2**	-	3	**2**	-	5
Finance costs – discount unwind on provisions for onerous contracts	(2)	**-**	-	-	**1**	-	1
Finance costs – costs associated with refinancing		**-**	-	1	**-**	-	1
Amortisation of acquired intangible assets	(3)	**2**	2	3	**2**	2	3
Costs associated with pensions	(4)	**1**	-	1	**1**	-	1
Other	(5)	**2**	-	-	**2**	-	-
		16	2	27	**14**	2	15

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

The impairment review compared the value-in-use of cash-generating units, based on management's assumptions regarding likely future trading performance, to the carrying values at 29 February 2024. As a result of this exercise, a non-cash charge of £6m (Feb 2023: £nil) was recorded for impairment of non-current assets on a pre-IFRS 16 basis, and £9m (Feb 2023: £nil) on an IFRS 16 basis which includes an impairment of ROU assets of £3m (Feb 2023: £nil).

(2) Provisions for onerous contracts
A charge of £2m (Feb 2023: £nil) has been recognised in the income statement in non-underlying items to provide for the unavoidable costs of continuing to service a non-cancellable contract. Finance costs relating to the discount unwind on previously recognised provisions for onerous contracts has also been recognised in non-underlying items.

(3) Amortisation of acquired intangible assets
Non-cash amortisation of acquired intangible assets of £2m (Feb 2023: £2m) primarily relate to the MRG and InMotion brands.

(4) Costs associated with pensions
Cost associated with pensions include professional fees associated with the WHSmith Pension Trust of £1m (Feb 2023: £nil).

(5) Other
Other non-underlying costs include £2m of Board-approved programme costs in relation to supply chain and IT (Feb 2023: £nil).

A tax credit of £3m (Feb 2023: £1m) has been recognised in relation to the above items (£2m pre-IFRS 16 (Feb 2023: £1m)).

Cash flow

Free cash flow[1] reconciliation

£m	pre-IFRS 16[1] 6 months to Feb 2024	pre-IFRS 16[1] 6 months to Feb 2023
Headline Group operating profit before non-underlying items[1]	**59**	58
Depreciation, amortisation and impairment (pre-IFRS 16)[13]	**29**	26
Non-cash items	**6**	6
Operating cash flow[1, 13]	**94**	90
Capital expenditure	**(65)**	(60)
Working capital (pre-IFRS 16)[13]	**(68)**	(79)
Net tax paid	**(9)**	(10)
Net finance costs paid (pre-IFRS 16)	**(8)**	(7)
Free cash flow [1]	**(56)**	(66)

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

The free cash outflow[1] for the period was £56m (2023: £66m). Operating cash inflow[1] increased by £4m to £94m demonstrating the cash generative nature of the Group.

We had a working capital[8] outflow of £68m in the period (2023: £79m). Most of this outflow results from the usual working capital cadence in the Group, where there has been a large working capital outflow in the first half, due to the seasonality in the Travel business. The balance, then, mainly relates to the investment in new stores.

For the full year, we expect to generate a free cash inflow, reflecting the normal working capital cadence of the Group and the substantial level of operating cash flows generated by the Group during the second half.

Net corporation tax payments in the period were £9m (2023: £10m).

Capital expenditure in the half was £65m (2023: £60m) which includes the spend from opening 53 stores around the world. We anticipate the full year capex spend to be around £140m which includes the additional spend from opening over 55 stores in the second half.

£m	6 months to Feb 2024	6 months to Feb 2023
New stores and store development	**38**	34
Refurbished stores	**9**	5
Systems	**7**	12
Other	**11**	9
Total capital expenditure	**65**	60

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 for net debt on an IFRS 16 basis.

As at 29 February 2024, the Group had Headline net debt[1] of £437m comprising convertible bonds of £305m and net overdraft of £132m (31 August 2023: £330m, convertible bonds of £301m, £1m of finance lease liabilities and net overdraft of £28m).

£m	Headline pre-IFRS 16[1] 6 months to Feb 2024	Feb 2023	Year ended Aug 2023
Opening Headline net debt[1]	**(330)**	(296)	(296)
Free cash flow[1]	**(56)**	(66)	20
Dividends paid	**(27)**	(12)	(22)
Non-underlying items[1]	**(6)**	(1)	(9)
Net purchase of own shares for employee share schemes	**(12)**	-	(8)
Other	**(6)**	(3)	(15)
Closing Headline net debt[1]	**(437)**	(378)	(330)
Net (overdraft)/cash	**(132)**	46	(28)
Convertible bond	**(305)**	(296)	(301)
Term loans (net of fees)	**-**	(126)	-
Finance leases (pre-IFRS 16)	**-**	(2)	(1)
Headline net debt[1]	**(437)**	(378)	(330)

In addition to the free cash outflow of £56m the Group paid the 2023 final dividend of £27m (2023: £12m) and we spent £12m (2023: £nil) on own shares for the Group's share schemes. Other includes non-cash accretion on the convertible bond, and payments to non-controlling interests. The cash spend on non-underlying items in the first half of 2024 was £6m (2023: £1m) and mainly related to provisions recorded in prior years including Covid-related charges.

We anticipate full year Headline net debt[1] to be in the region of £330m.

On an IFRS 16 basis, net debt was £1,039m (2023: £978m), which includes an additional £602m (2023: £600m) of lease liabilities.

Fixed charges cover[1]

£m	pre-IFRS 16[1] 6 months to Feb 2024	6 months to Feb 2023
Headline net finance costs before non-underlying items[1]	**13**	13
Net operating lease rentals (pre-IFRS 16) (Note A12)	**168**	151
Total fixed charges	**181**	164
Headline profit before tax and non-underlying items[1]	**46**	45
Headline profit before tax, non-underlying items and fixed charges	**227**	209
Fixed charges cover - times	**1.3x**	1.3x

Fixed charges, comprising property operating lease charges and net finance costs, were covered 1.3 times (2023: 1.3 times) by Headline profit before tax, non-underlying items and fixed charges.

Return on capital employed[1]

	ROCE %	
	Feb 2024	**Feb 2023**
Travel UK	**32%**	26%
North America	**15%**	14%
Rest of the World	**16%**	24%
Total Travel	**23%**	21%
High Street	**37%**	55%
Group	**22%**	20%

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 obligations and net current and deferred tax balances.

Balance sheet

	IFRS			Headline pre-IFRS 16[1]		
£m	**Feb 2024**	Feb 2023	Aug 2023	**Feb 2024**	Feb 2023	Aug 2023
Goodwill and other intangible assets	**505**	527	505	**506**	528	506
Property, plant and equipment	**295**	245	270	**288**	237	263
Right-of-use assets	**484**	483	444	**-**	-	-
Investments in joint ventures	**2**	2	2	**2**	2	2
	1,286	1,257	1,221	**796**	767	771
Inventories	**207**	182	205	**207**	182	205
Payables less receivables	**(151)**	(180)	(219)	**(142)**	(187)	(216)
Working capital	**56**	2	(14)	**65**	(5)	(11)
Net derivative financial asset	**-**	1	-	**-**	1	-
Net current and deferred tax asset	**47**	55	45	**47**	55	45
Provisions	**(18)**	(14)	(17)	**(26)**	(26)	(26)
Operating assets	**1,371**	1,301	1,235	**882**	792	779
Net debt	**(1,039)**	(978)	(895)	**(437)**	(378)	(330)
Total net assets	**332**	323	340	**445**	414	449

The Group had Headline net assets[1] of £445m, £4m lower than at 31 August 2023 reflecting the investment in new store openings and seasonality of working capital. Under IFRS the Group had net assets of £332m.

TRADING UPDATE

The Group will issue its next trading update on 5 June 2024.

Total Travel stores by region

No. of stores		At 29 February 2024
Travel UK		590
North America		
	Air	236
	Resorts / Rail	93
	Total North America	329
Rest of the World		
	Europe	135
	Middle East and India	91
	Asia Pacific	125
	Total Rest of the World	351
Total Travel		**1,270**

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Group's Annual Report and Accounts 2023, a copy of which is available on the Group's website at www.whsmithplc.co.uk, sets out the principal and emerging risks and uncertainties which could impact the Group for the remainder of the current financial year along with mitigating activities relevant to each risk (see Annual Report and Accounts 2023 pages 55 to 60). These include:

- economic, political, competitive and market risks;
- brand and reputation;
- key suppliers and supply chain management;
- store portfolio;
- business interruption;
- reliance on key personnel;
- international expansion;
- cyber risk, data security and GDPR compliance;
- treasury, financial and credit risk management; and
- environment and social sustainability.

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
Condensed Group Income Statement
For the 6 months to 29 February 2024

		6 months to 29 Feb 2024 (unaudited)			6 months to 28 Feb 2023 (unaudited)			12 months to 31 Aug 2023 (audited)		
£m	Note	**Before non-underlying items[1]**	**Non-underlying items[2]**	**Total**	Before non-underlying items[1]	Non-underlying items[2]	Total	Before non-underlying items[1]	Non-underlying items[2]	Total
Revenue	2	**926**	**-**	**926**	859	-	859	1,793	-	1,793
Group operating profit	2	**68**	**(16)**	**52**	68	(2)	66	182	(26)	156
Finance costs	4	**(24)**	**-**	**(24)**	(21)	-	(21)	(45)	(1)	(46)
Profit before tax		**44**	**(16)**	**28**	47	(2)	45	137	(27)	110
Income tax (expense) / credit	5	**(11)**	**3**	**(8)**	(11)	1	(10)	(27)	5	(22)
Profit for the period		**33**	**(13)**	**20**	36	(1)	35	110	(22)	88
Attributable to equity holders of the parent		**30**	**(13)**	**17**	33	(1)	32	101	(22)	79
Attributable to non-controlling interests		**3**	**-**	**3**	3	-	3	9	-	9
		33	**(13)**	**20**	36	(1)	35	110	(22)	88
Earnings per share										
Basic	7			**13.2p**			24.6p			60.8p
Diluted	7			**13.0p**			24.1p			59.8p

[1] Alternative Performance Measure. The Group has defined and explained the purpose of its alternative performance measures in the Glossary on page 40.
[2] See Note 3 for an analysis of Non-underlying items. See Glossary on page 40 for definition of alternative performance measures.

WH Smith PLC
Condensed Group Statement of Comprehensive Income
For the 6 months to 29 February 2024

£m	Note	**6 months to 29 Feb 2024 (unaudited)**	6 months to 28 Feb 2023 (unaudited)	12 months to 31 Aug 2023 (audited)
Profit for the period		**20**	35	88
Other comprehensive income:				
Items that will not be reclassified subsequently to the income statement:				
Actuarial gains on defined benefit pension schemes		**1**	1	1
		1	1	1
Items that may be reclassified subsequently to the income statement:				
Losses on cash flow hedges				
- Net fair value losses		**-**	(2)	(3)
Exchange differences on translation of foreign operations		**1**	(16)	(40)
		1	(18)	(43)
Other comprehensive income / (loss) for the period, net of tax		**2**	(17)	(42)
Total comprehensive income for the period		**22**	18	46
Attributable to equity holders of the parent		**19**	15	39
Attributable to non-controlling interests		**3**	3	7
		22	18	46

WH Smith PLC
Condensed Group Balance Sheet
As at 29 February 2024

£m	Note	**At 29 Feb 2024 (unaudited)**	At 28 Feb 2023 (unaudited)	At 31 Aug 2023 (audited)
Non-current assets				
Goodwill	8	**437**	456	436
Other intangible assets	8	**68**	71	69
Property, plant and equipment	8	**295**	245	270
Right-of-use assets	8	**484**	483	444
Investments in joint ventures		**2**	2	2
Deferred tax assets		**41**	50	43
Trade and other receivables		**9**	8	9
		1,336	1,315	1,273
Current assets				
Inventories		**207**	182	205
Trade and other receivables		**108**	90	112
Derivative financial assets		**-**	1	1
Current tax receivable		**6**	5	3
Cash and cash equivalents	9	**44**	46	56
		365	324	377
Total assets		**1,701**	1,639	1,650
Current liabilities				
Trade and other payables		**(268)**	(278)	(340)
Bank loans and other borrowings	9	**(176)**	(27)	(84)
Lease liabilities	9	**(124)**	(138)	(116)
Derivative financial liabilities		**-**	-	(1)
Current tax liability		**-**	-	(1)
Short-term provisions		**(3)**	-	(1)
		(571)	(443)	(543)
Non-current liabilities				
Bank loans and other borrowings	9	**(305)**	(395)	(301)
Long-term provisions		**(15)**	(14)	(16)
Lease liabilities	9	**(478)**	(464)	(450)
		(798)	(873)	(767)
Total liabilities		**(1,369)**	(1,316)	(1,310)
Total net assets		**332**	323	340
Shareholders' equity				
Called up share capital	11	**29**	29	29
Share premium		**316**	316	316
Capital redemption reserve		**13**	13	13
Translation reserve		**6**	27	5
Other reserves		**(267)**	(246)	(255)
Retained earnings		**207**	165	209
Total equity attributable to equity holders of the parent		**304**	304	317
Non-controlling interests		**28**	19	23
Total equity		**332**	323	340

WH Smith PLC
Condensed Group Cash Flow Statement
For the 6 months to 29 February 2024

£m	Note	6 months to 29 Feb 2024 (unaudited)	6 months to 28 Feb 2023 (unaudited)	12 months to 31 Aug 2023 (audited)
Operating activities				
Cash generated from operating activities	10	**90**	76	302
Interest paid[1]		**(19)**	(15)	(35)
Financing arrangement fees		**-**	-	(3)
Income taxes paid		**(9)**	(10)	(15)
Income taxes refunded		**-**	-	2
Net cash inflow from operating activities		**62**	51	251
Investing activities				
Purchase of property, plant and equipment		**(58)**	(52)	(106)
Purchase of intangible assets		**(7)**	(8)	(16)
Net cash outflow from investing activities		**(65)**	(60)	(122)
Financing activities				
Dividends paid (Note 6)	6	**(27)**	(12)	(22)
Purchase of own shares for employee share schemes		**(12)**	-	(8)
Distributions to non-controlling interests		**(3)**	-	(6)
Repayment of term loans	9	**-**	(6)	(133)
Net drawdown on short term borrowings	9	**92**	-	84
Capital repayments of obligations under leases	9	**(59)**	(58)	(118)
Net cash outflow from financing activities		**(9)**	(76)	(203)
Net decrease in cash and cash equivalents in the period		**(12)**	(85)	(74)
Opening cash and cash equivalents		**56**	132	132
Effect of movements in foreign exchange rates		**-**	(1)	(2)
Closing cash and cash equivalents		**44**	46	56

[1] Includes interest payments of £11m on lease liabilities (28 February 2023: £8m; 31 August 2023: £19m)

WH Smith PLC
Condensed Group Statement of Changes in Equity
For the 6 months to 29 February 2024

£m	Called up share capital and share premium	Capital redemption reserve	Translation reserves	Other reserves[1]	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 September 2023	**345**	**13**	**5**	**(255)**	**209**	**317**	**23**	**340**
Profit for the period	**-**	**-**	**-**	**-**	**17**	**17**	**3**	**20**
Other comprehensive income:								
Actuarial gains on defined benefit pension schemes	**-**	**-**	**-**	**-**	**1**	**1**	**-**	**1**
Exchange differences on translation of foreign operations	**-**	**-**	**1**	**-**	**-**	**1**	**-**	**1**
Total comprehensive income for the period	**-**	**-**	**1**	**-**	**18**	**19**	**3**	**22**
Employee share schemes	**-**	**-**	**-**	**(12)**	**6**	**(6)**	**-**	**(6)**
Dividend paid (Note 6)	**-**	**-**	**-**	**-**	**(27)**	**(27)**	**-**	**(27)**
Deferred tax on share-based payments	**-**	**-**	**-**	**-**	**1**	**1**	**-**	**1**
Distributions to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Non-cash movement on non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Balance at 29 February 2024 (unaudited)	**345**	**13**	**6**	**(267)**	**207**	**304**	**28**	**332**
Balance at 1 September 2022	345	13	43	(244)	138	295	16	311
Profit for the period	-	-	-	-	32	32	3	35
Other comprehensive (loss) / income:								
Actuarial gains on defined benefit pension schemes	-	-	-	-	1	1	-	1
Cash flow hedges	-	-	-	(2)	-	(2)	-	(2)
Exchange differences on translation of foreign operations	-	-	(16)	-	-	(16)	-	(16)
Total comprehensive (loss) / income for the period	-	-	(16)	(2)	33	15	3	18
Employee share schemes	-	-	-	-	5	5	-	5
Deferred tax on share-based payments	-	-	-	-	1	1	-	1
Dividend paid (Note 6)	-	-	-	-	(12)	(12)	-	(12)
Balance at 28 February 2023 (unaudited)	345	13	27	(246)	165	304	19	323
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	-	-	-	-	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 6)	-	-	-	-	(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 (audited)	345	13	5	(255)	209	317	23	340

[1] Other reserve includes Revaluation reserve of £2m (February 2023 and August 2023: £2m), ESOP reserve of £(27)m (February 2023: £(8)m; August 2023: (£(15)m), convertible bond reserve of £40m (February 2023 and August 2023: £40m), hedging reserve of £nil (February 2023: £1m; August 2023: £nil) and Other reserves of £(282)m (February 2023: £(281)m; August 2023: £(282)m). The 'Other' reserve includes reserves created in relation to the historical capital reorganisation and proforma restatement of £(238)m (February 2023 and August 2023: £(238)m), the demerger from Smiths News PLC in 2006 of £69m (February 2023 and August 2023: £69m) and cumulative amounts relating to employee share schemes of £(113)m (February 2023: £(112)m; August 2023: £(113)m).

WH Smith PLC
Notes to the Condensed Interim Financial Statements
For the 6 months to 29 February 2024

1. Basis of preparation, Accounting policies and Approval of Interim Statement

These Condensed Interim Financial Statements for the 6 months ended 29 February 2024 have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Group's Annual Report and Accounts 2023, which has been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006, and any public announcements made by WH Smith PLC during the interim reporting period.

The financial information set out in this report does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The Annual Report and Accounts 2023 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

The Condensed Interim Financial Statements have been prepared in accordance with the accounting policies set out in the 2023 Annual Report and Accounts and it is these accounting policies which are expected to be followed in the preparation of the full financial statements for the financial year ended 31 August 2024, except as outlined below.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

The Group has adopted the following standards and interpretations which became mandatory for the first time during the current financial year. The adoption of these standards has had no material impact on the Group.

IFRS 17	Insurance contracts
Amendments to IAS 12	Taxation
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 balance sheet date, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been endorsed by the UK):

Amendments to IAS 1	Presentation of financial statements
Amendments to IFRS 16	Leases

The directors anticipate that the adoption of these standards and interpretations will have no material impact on the Group's financial statements.

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 40 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

1. Basis of preparation, Accounting policies and Approval of Interim Statement (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 exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. These measures exclude the financial effect of non-underlying items which are considered exceptional or occur infrequently such as, inter alia, restructuring and transformation costs linked to a Board agreed programme, costs relating to business combinations, impairment charges and other property costs, significant items relating to pension schemes, and impairment, and the related tax effect of these items. In addition, these measures exclude the income statement impact of amortisation of intangible assets acquired in business combinations, which are recognised separately from goodwill. This amortisation is not considered to be part of the underlying operating costs of the business and has no associated cash flows.

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.

Further details of the non-underlying items are provided in Note 3.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed interim 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 non-current assets and inventory valuation.

The key areas where the judgments, estimates and assumptions applied have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are consistent with those applied in the Group's financial statements for the year ended 31 August 2023, as set out on pages 128 to 130 of those financial statements.

For details of changes to significant estimates for impairment of property, plant and equipment, intangible assets and right-of-use assets in the current period, refer to Note 8.

Going concern

The Condensed Interim Financial Statements have been prepared on a going concern basis.

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

In making the going concern assessment, the directors have undertaken a rigorous assessment of current performance and forecasts for the 12-month period to April 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 cost inflation 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.

1. Basis of preparation, Accounting policies and Approval of Interim Statement (continued)

Going concern (continued)

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.

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, on a pre-IFRS 16 basis, 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 40 (Note A2).

a) Group revenue

	6 months to		12 months to
£m	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Travel UK	**360**	314	709
North America	**189**	177	380
Rest of the World[1]	**121**	102	235
Total Travel	**670**	593	1,324
High Street	**256**	266	469
Group revenue	**926**	859	1,793

[1] Rest of the World revenue includes revenue from Australia of £42m (28 February 2023: £40m), Ireland £23m (28 February 2023: £20m) and Spain £22m (28 February 2023: £18m). No other country has individually material revenue.

Seasonality

Sales in the High Street business are subject to seasonal fluctuations, with peak demand in the Christmas trading period, which falls in the first half of the Group's financial year. Sales in the Travel business are also subject to seasonal fluctuations, with higher demand during peak travel periods particularly during the summer holiday months, which fall in the second half.

2. Segmental analysis of results (continued)

b) Group results

	6 months to 29 Feb 2024 (unaudited)				6 months to 28 Feb 2023 (unaudited)			
£m	**Headline (pre-IFRS 16)[1]**	**Headline non-underlying items (pre-IFRS 16) [1]**	**IFRS 16**	**Total**	Headline (pre-IFRS 16)[1]	Headline non-underlying items (pre-IFRS 16) [1]	IFRS 16	Total
Travel UK trading profit	**37**	**-**	**2**	**39**	31	-	-	31
North America trading profit	**14**	**-**	**-**	**14**	14	-	2	16
Rest of the World trading (loss) / profit	**(1)**	**-**	**2**	**1**	2	-	-	2
Total Travel trading profit	**50**	**-**	**4**	**54**	47	-	2	49
High Street trading profit	**22**	**-**	**5**	**27**	24	-	8	32
Group profit from trading operations	**72**	**-**	**9**	**81**	71	-	10	81
Unallocated central costs	**(13)**	**-**	**-**	**(13)**	(13)	-	-	(13)
Group operating profit before non-underlying items	**59**	**-**	**9**	**68**	58	-	10	68
Non-underlying items (Note 3)	**-**	**(13)**	**(3)**	**(16)**	-	(2)	-	(2)
Group operating profit	**59**	**(13)**	**6**	**52**	58	(2)	10	66
Finance costs	**(13)**	**(1)**	**(10)**	**(24)**	(13)	-	(8)	(21)
Group profit before tax	**46**	**(14)**	**(4)**	**28**	45	(2)	2	45
Income tax (expense) / credit	**(11)**	**2**	**1**	**(8)**	(11)	1	-	(10)
Profit for the period	**35**	**(12)**	**(3)**	**20**	34	(1)	2	35

[1] Presented on a pre-IFRS 16 basis. Alternative Performance Measures are defined and explained in the Glossary on page 40.

2. Segmental analysis of results (continued)

c) Other segmental items

	6 months to 29 Feb 2024 (unaudited)				
	Non-current assets[1]			Right-of-use assets	
£m	**Capital additions**	**Depreciation and amortisation**	**Impairment**	**Depreciation**	**Impairment**
Travel UK	**21**	**(9)**	**-**	**-**	**-**
North America	**26**	**(8)**	**-**	**-**	**-**
Rest of the World	**6**	**(3)**	**-**	**-**	**-**
Total Travel	**53**	**(20)**	**-**	**-**	**-**
High Street	**9**	**(8)**	**-**	**-**	**-**
Unallocated	**-**	**(1)**	**-**	**-**	**-**
Headline, before non-underlying items	**62**	**(29)**	**-**	**-**	**-**
Headline non-underlying items (pre-IFRS 16)	**-**	**(2)**	**(6)**	**-**	**-**
Headline, after non-underlying items	**62**	**(31)**	**(6)**	**-**	**-**
Impact of IFRS 16	**-**	**(1)**	**-**	**(53)**	**-**
Non-underlying items (IFRS 16)	**-**	**-**	**-**	**-**	**(3)**
Group	**62**	**(32)**	**(6)**	**(53)**	**(3)**

	6 months to 28 Feb 2023 (unaudited)				
	Non-current assets[1]			Right-of-use assets	
£m	Capital additions	Depreciation and amortisation	Impairment	Depreciation	Impairment
Travel UK	13	(7)	-	-	(1)
North America	22	(7)	-	-	-
Rest of the World	9	(3)	-	-	-
Total Travel	44	(17)	-	-	(1)
High Street	14	(7)	(1)	-	-
Unallocated	-	(1)	-	-	-
Headline, before non-underlying items	58	(25)	(1)	-	(1)
Headline non-underlying items (pre-IFRS 16)	-	(2)	-	-	-
Headline, after non-underlying items	58	(27)	(1)	-	(1)
Impact of IFRS 16	-	-	-	(52)	-
Non-underlying items (IFRS 16)	-	-	-	-	-
Group	58	(27)	(1)	(52)	(1)

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

3. Non-underlying items

Items which are not considered part of the normal operating costs of the business are non-recurring and are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further details of the definition of the non-underlying items are included in Note 1. These items mostly do not have a cash impact.

	6 months to		12 months to
£m	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Amortisation of acquired intangible assets	**2**	2	3
Impairment of assets			
- property, plant and equipment and intangible assets	**6**	-	4
- right-of-use assets	**3**	-	15
Provisions for onerous contracts	**2**	-	3
Costs associated with pensions	**1**	-	1
Other	**2**	-	-
Non-underlying items, included in operating profit	**16**	2	26
Finance costs associated with refinancing	**-**	-	1
Non-underlying items, before tax	**16**	2	27
Tax credit on non-underlying items	**(3)**	(1)	(5)
Non-underlying items, after tax	**13**	1	22

Amortisation of acquired intangible assets

Non cash amortisation of acquired intangible assets primarily relates to the MRG and InMotion brands.

Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Group has carried out an assessment for indicators of impairment 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, to the carrying value of the cash-generating unit as at 29 February 2024. As a result of this exercise, a non-cash charge of £9m was recorded within non-underlying items for impairment of non-current assets, of which £4m relates to property, plant and equipment, £2m to intangible assets (primarily software) and £3m relates to right-of-use assets.

The impairment recognised on a pre-IFRS 16 basis is provided in the Glossary on page 40.

Provisions for onerous contracts

A charge of £2m was recognised in the income statement to provide for the unavoidable costs of continuing to service a non-cancellable contract. This provision will be utilised over the next two financial years.

Costs associated with pensions

Costs of £1m have been incurred relating to professional fees associated with the WHSmith Pension Trust.

Other

Other non-underlying costs incurred during the period relate to board-approved programme costs in relation to supply chain and IT transformation.

4. Finance costs

	6 months to		12 months to
£m	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Interest payable on bank loans and overdrafts	**6**	5	12
Interest on convertible bonds	**7**	7	14
Interest on lease liabilities	**11**	9	19
Costs associated with refinancing	**-**	-	1
	24	21	46

Interest on convertible bonds includes £3m (28 February 2023: £3m) accrued coupon and £4m (28 February 2023: £4m) non-cash debt accretion charge.

5. Income tax expense

£m	6 months to 29 Feb 2024 (unaudited)	6 months to 28 Feb 2023 (unaudited)	12 months to 31 Aug 2023 (audited)
Tax on profit	**5**	4	13
Adjustment in respect of prior periods	**-**	-	(2)
Total current tax expense	**5**	4	11
Deferred tax – current period	**6**	7	19
Deferred tax – prior period	**-**	-	(3)
Tax on profit before non-underlying items	**11**	11	27
Tax on non-underlying items – deferred tax	**(3)**	(1)	(5)
Total tax on profit	**8**	10	22

The effective tax rate, before non-underlying items, was a charge of 24 per cent (28 February 2023: charge of 23 per cent).

The UK corporation tax rate is 25 per cent. Up to the 1 April 2023 the corporation tax rate was 19 per cent.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. This will be applicable to the Group for the year ending 31 August 2025.

The Group is in the process of assessing its exposure to the above legislation. Based on the Group's assessment no material top-up tax exposures have been identified. The Group will continue to assess the impact of the above legislation on its future financial performance.

The Group has applied the mandatory exemption under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

6. Dividends

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

£m	6 months to 29 Feb 2024 (unaudited)	6 months to 28 Feb 2023 (unaudited)	12 months to 31 Aug 2023 (audited)
Dividends			
Final dividend for the year ended 31 August 2023 of 20.8p per ordinary share	**27**	-	-
Final dividend for the year ended 31 August 2022 of 9.1p per ordinary share	**-**	12	12
Interim dividend for the year ended 31 August 2023 of 8.1p per ordinary share	**-**	-	10
	27	12	22

The directors have declared an interim dividend in respect of the period ending 29 February 2024 of 11.0p per ordinary share. This will be paid on 1 August 2024 to shareholders registered at the close of business on 12 July 2024.

7. Earnings per share

a) Earnings

	6 months to		12 months to
£m	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Profit for the period attributable to equity holders of the parent	**17**	32	79
Non-underlying items, after tax (Note 3)	**13**	1	22
Profit for the period before non-underlying items attributable to equity holders of the parent	**30**	33	101

b) Weighted average share capital

	6 months to		12 months to
Millions	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Weighted average ordinary shares in issue	**131**	131	130
Less weighted average ordinary shares held in ESOP Trust	**(2)**	(1)	-
Weighted average ordinary shares for basic earnings per share	**129**	130	130
Add weighted average number of ordinary shares under option	**2**	3	2
Weighted average ordinary shares for diluted earnings per share	**131**	133	132

c) Basic and diluted earnings per share

	6 months to		12 months to
Pence	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Basic earnings per share	**13.2**	24.6	60.8
Adjustments for non-underlying items	**10.1**	0.8	16.9
Basic earnings per share before non-underlying items	**23.3**	25.4	77.7
Diluted earnings per share	**13.0**	24.1	59.8
Adjustments for non-underlying items	**9.9**	0.7	16.7
Diluted earnings per share before non-underlying items	**22.9**	24.8	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 29 February 2024 the convertible bond has no dilutive effect as the inclusion of these potentially dilutive shares would improve earnings per share (28 February 2023 and 31 August 2023: No dilutive effect).

The calculation of EPS on a pre-IFRS 16 basis is provided in the Glossary on page 40.

8. Non-current assets

During the 6 months to 29 February 2024, there were additions to property, plant and equipment of £55m (28 February 2023: £50m). There were no material disposals of tangible assets during the period (28 February 2023: £nil). During the 6 months to 29 February 2024, there were additions to right-of-use assets of £100m (28 February 2023: £94m) through signing of new leases and lease modifications.

Additions to intangible assets totalled £7m (28 February 2023: £8m) in the period. There were no material disposals of intangible assets during the period (28 February 2023: £nil).

Goodwill increased by £1m in the period, as a result of movements in exchange rates (28 February 2023: decrease of £15m, as a result of movements in exchange rates).

Impairment of property, plant and equipment, right-of-use assets and intangible assets

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.

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 forecast 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 discount rate applied to future cash flows was 10.8% (31 August 2023: 13.2%).

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. The Group has recognised an impairment charge of £6m to property, plant and equipment and intangible assets (28 February 2023: £1m) and £3m to right-of-use assets (28 February 2023: £1m) as a result of impairment testing. Impairments of £9m (28 February 2023: £nil) have been presented as non-underlying items in the current period (see Note 3), and no impairments (28 February 2023: £2m) have been included in underlying results.

WH Smith PLC
Notes to the Condensed Interim Financial Statements
For the 6 months to 29 February 2024

9. Analysis of net debt

Movement in net debt can be analysed as follows:

£m	Term loans	Convertible bonds	Revolving credit facility	Leases[1]	Sub-total Liabilities from financing activities	Cash and cash equivalents	Net debt
At 1 September 2023	**-**	**(301)**	**(84)**	**(566)**	**(951)**	**56**	**(895)**
Other non-cash movements	**-**	**(4)**	**-**	**(106)**	**(110)**	**-**	**(110)**
Other cash movements	**-**	**-**	**(92)**	**70**	**(22)**	**(12)**	**(34)**
At 29 February 2024 (unaudited)	**-**	**(305)**	**(176)**	**(602)**	**(1,083)**	**44**	**(1,039)**

[1] Other cash movements on Leases include £11m of Interest paid presented within cash flow from operating activities.

£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)
Other non-cash movements	-	(4)	-	(90)	(94)	-	(94)
Other cash movements	6	-	-	58	64	(85)	(21)
Currency translation	-	-	-	7	7	(1)	6
At 28 February 2023 (unaudited)	(126)	(296)	-	(602)	(1,024)	46	(978)

An explanation of Alternative performance measures, including Net debt on a pre-IFRS 16 basis is provided in the Glossary on page 40.

9. Analysis of net debt (continued)

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 period.

Revolving credit facilities

The Group has a £400m five-year committed revolving credit facility with a maturity date of 13 June 2028. The facility has two uncommitted extension options of one year each, which would, subject to lender approval, extend the tenor to six or seven years 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 29 February 2024, the Group has drawn down £176m on the RCF (2023: £nil).

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

Convertible bonds

The Group issued £327m guaranteed senior unsecured convertible bonds on 7 May 2021 with a 1.625% 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% above the reference share price on 28 April 2021 (£17.85). 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 were 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 £305m. The fair value of the convertible bond has been estimated at £296m using a discounted cash flow approach based on market interest rates. This represents Level 2 fair value measurements as defined by IFRS 13.

10. Cash generated from operating activities

	6 months to		12 months to
£m	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Group operating profit	**52**	66	156
Depreciation of property, plant and equipment	**26**	20	42
Impairment of property, plant and equipment	**4**	1	4
Amortisation of intangible assets	**6**	7	14
Impairment of intangible assets	**2**	-	-
Depreciation of right-of-use assets	**53**	52	104
Impairment of right-of-use assets	**3**	1	15
Share-based payments	**6**	5	12
Gains on remeasurement of leases	**(2)**	(4)	(5)
Other non-cash items (incl. foreign exchange)	**1**	2	7
(Increase) / decrease in inventories	**(2)**	15	(12)
Decrease / (increase) in receivables	**8**	(6)	(22)
Decrease in payables	**(69)**	(83)	(15)
Movement on provisions (via utilisation or income statement)	**2**	-	2
Cash generated from operating activities	**90**	76	302

11. Called Up Share Capital

	29 Feb 2024 (unaudited)		28 Feb 2023 (unaudited)		31 Aug 2023 (audited)	
	Number of shares (millions)	**Nominal value £m**	Number of shares (millions)	Nominal value £m	Number of shares (millions)	Nominal value £m
Equity						
Ordinary shares of 22 6/67p	**131**	**29**	131	29	131	29
Total	**131**	**29**	131	29	131	29

The holders of ordinary shares are entitled to receive dividends as declared from time-to-time and are entitled to one vote per share at the meetings of the Company.

12. Contingent liabilities and capital commitments

£m	**29 Feb 2024 (unaudited)**	28 Feb 2023 (unaudited)	31 Aug 2023 (audited)
Bank guarantees and guarantees in respect of contractual arrangements	**67**	55	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.

At 29 February 2024, contracts placed for future capital expenditure approved by the directors but not provided for amounted to £23m (28 February 2023: £27m).

13. Related Parties

Other than directors' remuneration, there have been no material related party transactions during the interim period under review.

Statement of Directors' Responsibilities

The directors confirm that these Condensed Interim Financial Statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of WH Smith PLC are listed on the website at www.whsmithplc.co.uk/about-us/our-board.

By order of the Board

Carl Cowling	**Robert Moorhead**
Group Chief Executive	**Chief Financial Officer and Chief Operating Officer**

25 April 2024

INDEPENDENT REVIEW REPORT TO WH SMITH PLC

Report on the condensed consolidated Interim Financial Statements

Our conclusion

We have reviewed WH Smith PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results Announcement of WH Smith PLC for the 6 month period ended 29 February 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Group Balance Sheet as at 29 February 2024;
- the Condensed Group Income Statement and Condensed Group Statement of Comprehensive Income for the period then ended;
- the Condensed Group Cash Flow Statement for the period then ended;
- the Condensed Group Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results Announcement of WH Smith PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results Announcement, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results Announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results Announcement, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT REVIEW REPORT TO WH SMITH PLC (continued)

Report on the condensed consolidated Interim Financial Statements (continued)

Responsibilities for the interim financial statements and the review (continued)

Our responsibilities and those of the directors (continued)

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results Announcement based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
25 April 2024

WH Smith PLC
Glossary (unaudited)

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 exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. These measures exclude the financial effect of non-underlying items which are considered exceptional or occur infrequently such as, inter alia, restructuring and transformation costs linked to a Board agreed programme, costs relating to business combinations, impairment charges and other property costs, significant items relating to pension schemes, and impairment, and the related tax effect of these items. In addition, these measures exclude the income statement impact of amortisation of intangible assets acquired in business combinations, which are recognised separately from goodwill. This amortisation is not considered to be part of the underlying operating costs of the business and has no associated cash flows.

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.

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 29 February 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
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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 and Note 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 and Note 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 18, 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 Condensed Interim Financial Statements and on a Headline (pre-IFRS 16) basis in Note A2.
Non-underlying items	None	Refer to definition and see Note 3 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 3 to the Condensed Interim 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 period 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 interim period. 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.
Effective tax rate	None	Non-underlying items see Notes 5, A3 and A6	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 5 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 Condensed Interim Financial Statements, 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 - FX 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. See A11.

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APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
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 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 14, as part of the Group Overview.
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 14, as part of the Group Overview.
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 rolling 12 month Headline EBITDA before non-cash items (on a pre-IFRS 16 basis) divided by Headline net debt.

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

	6 months to 29 Feb 2024					
	pre-IFRS 16 basis			IFRS 16 Basis		
£m	Headline, before non-underlying items	Headline non-underlying items	Headline	IFRS 16 adjustments	IFRS 16 adjustments non-underlying items	Total
Revenue	926	-	926	-	-	926
Cost of sales	(370)	-	(370)	-	-	(370)
Gross profit	556	-	556	-	-	556
Distribution costs	(398)	-	(398)	8	-	(390)
Administrative expenses	(99)	-	(99)	-	-	(99)
Other income	-	-	-	1	-	1
Non-underlying items	-	(13)	(13)	-	(3)	(16)
Group operating profit	59	(13)	46	9	(3)	52
Finance costs	(13)	(1)	(14)	(11)	1	(24)
Profit before tax	46	(14)	32	(2)	(2)	28
Income tax (charge) / credit	(11)	2	(9)	-	1	(8)
Profit for the period	35	(12)	23	(2)	(1)	20
Attributable to:						
Equity holders of the parent	32	(12)	20	(2)	(1)	17
Non-controlling interests	3	-	3	-	-	3
	35	(12)	23	(2)	(1)	20

A1. Reconciliation of Headline to Statutory Group operating profit and Group profit before tax (cont'd)

	6 months to 28 Feb 2023				
	pre-IFRS 16 basis			IFRS 16 Basis	
£m	Headline, before non-underlying items	Headline non-underlying items	Headline	IFRS 16 adjustments	Total
Revenue	859	-	859	-	859
Cost of sales	(341)	-	(341)	-	(341)
Gross profit	518	-	518	-	518
Distribution costs	(364)	-	(364)	7	(357)
Administrative expenses	(96)	-	(96)	(1)	(97)
Other income	-	-	-	4	4
Non-underlying items	-	(2)	(2)	-	(2)
Group operating profit	58	(2)	56	10	66
Finance costs	(13)	-	(13)	(8)	(21)
Profit before tax	45	(2)	43	2	45
Income tax (expense) / credit	(11)	1	(10)	-	(10)
Profit for the period	34	(1)	33	2	35
Attributable to:					
Equity holders of the parent	31	(1)	30	2	32
Non-controlling interests	3	-	3	-	3
	34	(1)	33	2	35

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

	6 months to 29 Feb 2024				
	pre-IFRS 16 basis			**IFRS 16 basis**	
£m	**Headline, before non-underlying items**	**Headline non-underlying items**	**Headline**	**IFRS 16 adjustments**	**Total**
Travel UK trading profit	**37**	**-**	**37**	**2**	**39**
North America trading profit	**14**	**-**	**14**	**-**	**14**
Rest of the World trading (loss) / profit	**(1)**	**-**	**(1)**	**2**	**1**
Total Travel trading profit	**50**	**-**	**50**	**4**	**54**
High Street trading profit	**22**	**-**	**22**	**5**	**27**
Group profit from trading operations	**72**	**-**	**72**	**9**	**81**
Unallocated central costs	**(13)**	**-**	**(13)**	**-**	**(13)**
Group operating profit before non-underlying items	**59**	**-**	**59**	**9**	**68**
Non-underlying items	**-**	**(13)**	**(13)**	**(3)**	**(16)**
Group operating profit	**59**	**(13)**	**46**	**6**	**52**

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

	6 months to 28 Feb 2023				
	pre-IFRS 16 basis			IFRS 16 basis	
£m	Headline, before non-underlying items	Headline non-underlying items	Headline	IFRS 16 adjustments	Total
Travel UK trading profit	31	-	31	-	31
North America trading profit	14	-	14	2	16
Rest of the World trading profit	2	-	2	-	2
Total Travel trading profit	47	-	47	2	49
High Street trading profit	24	-	24	8	32
Group profit from trading operations	71	-	71	10	81
Unallocated central costs	(13)	-	(13)	-	(13)
Group operating profit before non-underlying items	58	-	58	10	68
Non-underlying items	-	(2)	(2)	-	(2)
Group operating profit	58	(2)	56	10	66

A3. Reconciliation of Headline to Statutory tax expense / (credit)

	6 months to 29 Feb 2024			6 months to 28 Feb 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	**46**	**(2)**	**44**	45	2	47
Tax on profit	**5**	**-**	**5**	4	-	4
Adjustment in respect of prior periods	**-**	**-**	**-**	-	-	-
Total current tax expense	**5**	**-**	**5**	4	-	4
Deferred tax – current period	**6**	**-**	**6**	7	-	7
Deferred tax – prior period	**-**	**-**	**-**	-	-	-
Tax expense on profit before non-underlying items	**11**	**-**	**11**	11	-	11
Tax on non-underlying items	**(2)**	**(1)**	**(3)**	(1)	-	(1)
Total tax expense/(credit) on profit	**9**	**(1)**	**8**	10	-	10

A4. Calculation of Headline and Statutory earnings per share

	6 months to 29 Feb 2024		6 months to 28 Feb 2023	
millions	**Basic EPS**	**Diluted EPS**	Basic EPS	Diluted EPS
Weighted average number of shares in issue	**129**	**131**	130	133

	6 months to 29 Feb 2024			6 months to 28 Feb 2023		
	Profit for the period attributable to equity holders of the parent	**Basic EPS**	**Diluted EPS**	Profit for the period 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	**32**	**24.8**	**24.4**	31	23.8	23.3
- Non-underlying items (after tax)	**(12)**	**(9.3)**	**(9.2)**	(1)	(0.7)	(0.7)
Total	**20**	**15.5**	**15.2**	30	23.1	22.6
IFRS 16 adjustments						
- Before non-underlying items	**(2)**	**(1.5)**	**(1.5)**	2	1.6	1.5
- Non-underlying items	**(1)**	**(0.8)**	**(0.7)**	-	(0.1)	-
Total	**(3)**	**(2.3)**	**(2.2)**	2	1.5	1.5
IFRS 16 basis						
- Before non-underlying items	**30**	**23.3**	**22.9**	33	25.4	24.8
- Non-underlying items (after tax)	**(13)**	**(10.1)**	**(9.9)**	(1)	(0.8)	(0.7)
Total	**17**	**13.2**	**13.0**	32	24.6	24.1

A5. Fixed charges cover

£m	**6 months to 29 Feb 2024**	6 months to 28 Feb 2023
Net finance costs (pre-IFRS 16)	**13**	13
Net operating lease rentals (pre-IFRS 16)	**168**	151
Total fixed charges	**181**	164
Headline profit before tax and non-underlying items	**46**	45
Headline profit before tax, non-underlying items and fixed charges	**227**	209
Fixed charges cover – times	**1.3x**	1.3x

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

	6 months to 29 Feb 2024		6 months to 28 Feb 2023	
£m	**Headline (pre-IFRS 16)**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16
Amortisation of acquired intangible assets	**2**	**2**	2	2
Impairment of assets				
- property, plant and equipment and intangible assets	**6**	**6**	-	-
- right-of-use assets	**-**	**3**	-	-
Provisions for onerous contracts	**2**	**2**	-	-
Costs associated with pensions	**1**	**1**	-	-
Other	**2**	**2**	-	-
Non-underlying items, included in operating profit	**13**	**16**	2	2
Finance costs associated with onerous contracts	**1**	**-**	-	-
Non-underlying items, before tax	**14**	**16**	2	2
Tax credit on non-underlying items	**(2)**	**(3)**	(1)	(1)
Non-underlying items, after tax	**12**	**13**	1	1

A description of non-underlying items on an IFRS 16 basis is provided in Note 3 to the financial statements.

Pre-IFRS 16 non-underlying items are calculated on a consistent basis to IFRS 16 non-underlying items, except for as follows:

- Impairment of Right-of-use assets, which are not recognised on a pre-IFRS 16 basis.
- Finance costs of £1m have been recorded in non-underlying items in relation to the unwind of the discount on onerous lease provisions that are not recognised under IFRS 16.

A tax credit of £3m (2023: £1m) has been recognised in relation to the above items (£2m pre-IFRS 16 (2023: £1m)).

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A7. Free cash flow

£m	Note	**6 months to 29 Feb 2024**	6 months to 28 Feb 2023
Cash generated from operating activities	10	**90**	76
Interest paid		**(19)**	(15)
Income taxes paid		**(9)**	(10)
Net cash inflow from operating activities		**62**	51
Impact of IFRS 16 (Note A9)		**(58)**	(57)
Add back:			
- Cash impact of non-underlying items		**6**	1
- Non-cash items		**(1)**	(1)
Deduct:			
- Purchase of property, plant and equipment		**(58)**	(52)
- Purchase of intangible assets		**(7)**	(8)
Free cash flow		**(56)**	(66)

A8. Headline Net debt

£m	Note	**At 29 Feb 2024**	At 28 Feb 2023	At 31 Aug 2023
Borrowings				
- Revolving credit facility		**(176)**	-	(84)
- Convertible bonds	9	**(305)**	(296)	(301)
- Bank loans		**-**	(126)	-
- Lease liabilities	9	**(602)**	(602)	(566)
Liabilities from financing activities		**(1,083)**	(1,024)	(951)
Cash and cash equivalents		**44**	46	56
Net debt (IFRS 16)	9	**(1,039)**	(978)	(895)
- Add back lease liabilities recognised under IFRS 16[1]		**602**	600	565
Net debt (pre-IFRS 16)		**(437)**	(378)	(330)

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

WH Smith PLC
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A9. Cash flow disclosure impact of IFRS 16

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

	6 months to 29 Feb 2024			6 months to 28 Feb 2023		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 Adjustment**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16 Adjustment	IFRS 16
Net cash inflow/(outflow) from operating activities	**4**	**58**	**62**	(6)	57	51
Net cash outflow from investing activities	**(65)**	**-**	**(65)**	(60)	-	(60)
Net cash inflow/(outflow) from financing activities	**49**	**(58)**	**(9)**	(19)	(57)	(76)
Net decrease in cash in the period	**(12)**	**-**	**(12)**	(85)	-	(85)

A10. Balance sheet impact of IFRS 16

The balance sheet as at 29 February 2024 including and excluding the impact of IFRS 16 is shown below:

	At 29 Feb 2024			At 28 Feb 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	**506**	**(1)**	**505**	528	(1)	527
Property, plant and equipment	**288**	**7**	**295**	237	8	245
Right-of-use assets	**-**	**484**	**484**	-	483	483
Investments in joint ventures	**2**	**-**	**2**	2	-	2
	796	**490**	**1,286**	767	490	1,257
Inventories	**207**	**-**	**207**	182	-	182
Payables less receivables	**(142)**	**(9)**	**(151)**	(187)	7	(180)
Working capital	**65**	**(9)**	**56**	(5)	7	2
Derivative financial asset	**-**	**-**	**-**	1	-	1
Net current and deferred tax asset	**47**	**-**	**47**	55	-	55
Provisions	**(26)**	**8**	**(18)**	(26)	12	(14)
Operating assets employed	**882**	**489**	**1,371**	792	509	1,301
Net debt	**(437)**	**(602)**	**(1,039)**	(378)	(600)	(978)
Total net assets	**445**	**(113)**	**332**	414	(91)	323

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	**13%**	**-%**	**12%**	**10%**	**(2)%**	**6%**
Net space change impact	**2%**	**13%**	**9%**	**5%**	**(2)%**	**3%**
Foreign exchange	**-%**	**(6)%**	**(2)%**	**(2)%**	**-%**	**(1)%**
Total revenue change	**15%**	**7%**	**19%**	**13%**	**(4)%**	**8%**

A12. Operating lease expense

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

£m	**6 months to 29 Feb 2024**	6 months to 28 Feb 2023
Net operating lease charges	**168**	151

For 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 40.

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 four years (February 2023: four 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.

A13. Analysis of retail stores and selling space

Number of High Street stores[1]

	1 Sep 2023	Opened	Closed	**29 Feb 2024**
Total	514	-	(8)	**506**

Number of Travel units

A Travel store may consist of multiple units within one location. On an individual unit basis, Travel stores can be analysed as follows:

	1 Sep 2023	Opened	Closed	**29 Feb 2024**
Non franchise units	809	21	(17)	**813**
Joint Venture and Franchise units[1]	444	32	(19)	**457**
Total	1,253	53	(36)	**1,270**

[1] Travel units include motorway and international franchise units, and exclude kiosks in India, and *Supanews* and *Wild Cards and Gifts* franchisees in Australia.

Retail selling square feet (‘000s)

	1 Sep 2023	Opened	Closed	**29 Feb 2024**
High Street	2.5	-	-	**2.5**
Travel	1.1	-	-	**1.1**
Total	3.6	-	-	**3.6**

Total Retail selling square feet does not include franchise units.