



Connectors. Creators. Experience Makers.

Annual Report 2018

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'Baroness' singer & guitarist John Baizley at the 2018 Golden Gods Awards.



Group overview

Future plc is an international media group, listed on the London Stock Exchange (symbol: FUTR). These highlights refer to the Group's annual results for the year ended 30 September 2018.

Corporate KPIs



Media division KPIs



Magazines division KPIs



Notes

- Adjusted EBITDA represents earnings before share-based payments and associated social security costs, interest, tax, depreciation, amortisation, impairment of intangible assets, non-trading foreign exchange gains and exceptional items.
- Adjusted free cash flow is defined as adjusted operating cash inflow less capital expenditure. Adjusted operating cash inflow represents operating cash inflow adjusted to exclude cashflows relating to exceptional items.
- Total net debt divided by EBITDA.
- As per note 1 above and restated for rights issue.
- Includes online users, event attendees, magazine copy sales, subscribers and social media reach.



Richard Huntingford
Chairman

“

Future has had an outstanding year. The financial results speak volumes for the successful execution of the Group's focused strategy in leveraging its specialist media platform and diversifying its revenue streams, both geographically and across its product offering.

”

Chairman's statement

Dear Shareholders,

In my first year as Chairman of the Company it gives me great pleasure to report that Future has had an excellent year. Building on the stated strategy to be a global specialist media platform, the Group has expanded its global reach through a combination of organic growth, acquisitions and strategic partnerships. A relentless focus on producing compelling, engaging and trusted content has created loyal communities and market-leading positions for our key brands, from which we have been able to build diversified monetisation models with significant and growing revenue streams.

Our previous investment in a scalable, robust and efficient technology stack to provide content management systems, advertising optimisation systems and eCommerce platforms has delivered very significant financial returns during the year as the Group reaped the benefits of the successful integration of previous acquisitions.

The transformative acquisition of Purch at the end of the financial year, which significantly deepens our presence in the US market, gives us an excellent opportunity to drive further revenue and profit growth over the coming years.

Board composition

Following Peter Allen's decision to step down from the Board, I was delighted to be nominated as his replacement from 1 February 2018. Over his six years as Chairman, Peter led the Future Board through an extraordinary period of change, both within the business and externally in the media and publishing markets, and it is testament to that leadership and guidance that Future finds itself in such a strong position today. On behalf of the Board and shareholders, I thank him for his very significant contribution to the Company.

There have been a number of other changes to the Board and its Committees during the year.

In February 2018, we were delighted to welcome Alan Newman to the Board as a Non-Executive Director and Chair of the Audit Committee. Alan brings with him significant media and PLC experience through his media and technology sector roles at Ernst & Young and KPMG and his recent nine-year tenure as Chief Financial Officer of YouGov plc.

At the same time, Hugo Drayton, who has served on the Board and been a member of the Remuneration Committee since December 2014, was appointed Chairman of the Remuneration Committee. Hugo also acts as the Senior Independent Director.

At the end of the financial year, James Hanbury, who had served on the Board since October 2016 as the Non-Executive Director representative of Disruptive Capital, retired from the Board following Disruptive's disposal of its shareholding. I would like to thank James for his valuable contribution to Board debate and his commitment to the Company during his tenure.

Most recently, we were delighted to welcome Rob Hattrell to the Board as a Non-Executive Director on 1 October 2018. Rob, who is the Vice President of eBay UK and previously held senior roles at Tesco and Accenture, brings with him a wealth of relevant eCommerce and commercial experience and will add another valuable dimension to the Board.

Without doubt, our Board roles are made somewhat easier by two factors: a steadfast focus on a clear strategy that delivers results, and the diligence, energy, and enthusiasm of a dynamic Executive leadership team supported by a talented employee base. I believe that we now have a strong, high-quality Board that can provide the right blend of challenge and support to the executive management as they continue to execute the growth strategy that we believe will deliver significant long-term value to shareholders over the coming years.

Business performance

The results speak volumes about the success of the Group's strategy: £124.6m revenue up 48% on prior year; £20.7m adjusted EBITDA up 88% on prior year; and adjusted operating cashflow up 16% on prior year. As mentioned above, it is the scalability of Future's global media platform that enables both this rapid organic and inorganic growth.

The Group made four acquisitions during the year: NewBay Media, a US-based information and events business, in April 2018; four consumer titles including What Hi-Fi? and Practical Caravan from Haymarket in May 2018; Australian gaming and technology brands including PC Powerplay in August 2018; and the Purch consumer business in September 2018.

Each of these acquisitions is strongly aligned to Future's strategy, whether it be through geographic expansion into the US through NewBay and Purch, further consolidation of Future's market-leading consumer technology coverage through What Hi-Fi? and Purch's consumer brands, or through revenue diversification with NewBay's B2B brands.

Capital structure and dividends

The latest acquisition, Purch, would not have been possible without the considerable support of our shareholders in funding the acquisition through a rights issue. We were delighted that so many of our existing shareholders took up their rights, whilst also welcoming a number of new institutions to our shareholder register. We intend to pursue a listing on the premium listing segment of the Official List, subject to meeting all the requirements of the UKLA, in the foreseeable future.

The strong business performance this year was highly cash generative and as such, at the year end, the Group had net debt of £17.8m. As previously mentioned, the Board is delighted to announce the recommencement of a dividend this year and has proposed a final dividend of 0.5p per share payable on 15 February 2019 to all shareholders on the register at close of business on 18 January 2019. We aim to pursue a progressive dividend policy whilst optimising value for shareholders by balancing returns to shareholders with investment in the business to support future growth.

Our people

A key focus of Future's Board and Executive leadership team is our people. Future's employees are its key asset and we actively try to find ways to ensure that they are supported and remunerated accordingly. During the year Future introduced the living wage within the UK business to ensure that no employee is paid less than this threshold. The Group remains fully committed to addressing gender pay differences and increasing diversity. Details are available in the corporate responsibility section of this report.

A core principle at Future is that everyone gets to share in the business's success and, as a result of our strong performance this year, we were delighted that all staff received the maximum bonus in the year.

On behalf of the Board and shareholders, I would like to thank all our employees, old and new, for their hard work and diligence during a year that has seen so much change. The professionalism, commitment and passion for the Future cause across all areas of our business, has been extraordinary and fills me with great confidence for the next phase of our exciting growth journey.

With best wishes,



Richard Huntingford
Chairman
12 December 2018

“
The transformative acquisition of Purch gives us an excellent opportunity to drive further growth in revenue and profit over the coming years.
”

Future Playbook

At Future part of our success is a result of the alignment within the organisation of our purpose and strategy. To support this we have created the Future Playbook to capture the “rules” of the game at work, which is then shared with every new member of staff to ensure we are all aligned and focused on delivering the same goals. Our Playbook has six main sections:

1. **Our purpose** – our vision
2. **Where we're going** – our strategy
3. **How we behave** – our values
4. **What we do** – our business model
5. **What's important right now** – our current priorities
6. **Who must do what** – how we get alignment

Steps one to four are relatively fixed and underpin everything we do, whereas each year we undertake a company-wide review to determine what is important in order to ensure we execute on our strategy, and then who must do what within the business to help us deliver this in the coming 12 months.

Below are the key elements of the first four features.

1. Our purpose

Why we exist

We change people's lives through sharing knowledge and expertise with others, making it easy and fun for them to do what they want.

2. Our strategy

Where we're going

At Future we pride ourselves on the heritage of our brands and loyalty of our communities. Offering core expertise, we help dedicated enthusiasts follow their passion through high-quality content, unique experiences and innovative technology.

In 2016 Future outlined its strategy to become a global platform business for specialist media with diversified revenue streams:

- We create fans of our brands by giving them a place they want to spend their time and where they go to meet their needs. In this way we continue to create loyal communities
- We expand our global reach through organic growth, acquisitions and strategic partnerships, and diversify our monetisation models to create significant revenue streams
- We entertain, inform and engage our consumers with content that connects across key verticals via magazines, websites and events; we monetise this via paid content, subscriptions, media sales, ticket sales and eCommerce

We have adopted the McKinsey's Three Horizons of Growth planning approach across the organisation as a means of delivering our strategy. This approach encourages our people to engage with the strategy in a meaningful and relatable way.

How we succeed

We define strategy as: “Our plan for success: a collection of intentional decisions we make to give us the best chance to thrive and differentiate ourselves – therefore every decision, if intentional and consistent, is our strategy.”

In addition we have three strategic filters that help to inform decision making and provide a lens to filter ideas and decisions:

- Content that connects is at the heart of what we do
- We operate in the areas we have expertise in
- We need to grow profitably and generate cash returns



In order to ensure we remain scalable we have made significant investments in our technology as well as our back office and infrastructure. In particular the introduction of one website platform (Vanilla) and one CMS have facilitated our growth. We have also invested in our core back office systems allowing us to integrate acquisitions with limited increase in back office costs.

This investment combined with a strict control of ongoing costs and a strategy to insource our back office functions to a low cost location has ensured that our bottom line growth is financially beneficial to the group.

Our loyal communities

As we strengthen our global reach across our core verticals we continue to be proud of the way we bring people together to indulge in shared passions wherever they are in the world. Cultivating a highly-engaged audience that we are able to monetise is fundamental to everything that we do and we are now reaching a global audience of 193.4 million (2017: 85.6 million) through our websites, events, social media and magazines.

We continue to grow our online audience both organically and through acquisitions; online users grew by 190% year-on-year, 12% of which is organic.

We continue to see evidence that our audience communities are stronger than ever thanks to our customised content designed specifically to engage with our audience. For example, the UK Guitar Show was a huge success, being a sell-out in its inaugural year and with Sir Paul McCartney tweeting our #WorldGuitarDay hashtag.

Loyal communities are also significant when it comes to our B2B brands and content, which are particularly niche. Music Week, a UK record industry B2B brand that was acquired as part of NewBay Media, proved the loyalty of its community with the launch of the Music Week Tech Summit bringing in over 300 delegates at the O2 in its first year and with keynotes from Amazon Music and the BBC. Similarly, the Music Week Awards showed significant growth in attendees of 14% and revenue growth of 17% since acquisition.



The Photography Show 2018.



Arya Goggin shot for Rhythm Magazine.

We also engage with our audience through our regular newsletters and there have been many newsletter launches this year, in addition to a focus on increasing newsletter frequency to encourage increased audience engagement. Newsletter launches this year included N-Photo, Computer Arts, Edge, Guitarist, ImagineFX, Linux Format, MacFormat, Net, Official PlayStation Magazine and Windows Help & Advice.

The Photo Plus newsletter was launched in March 2018 to our active subscriber database and then rolled out further by introducing newsletter sign-up. This newsletter proved highly successful with strong average open and click rates of 47% and 11% respectively.

This year also saw the publication of our PC Gamer 25th Anniversary Edition, which shows the considerable appeal and longevity of some of our core brands.

A global platform

Due to our investment in our technology and infrastructure we are primed to rapidly on-board new brands and businesses onto our global platform.

Our tech stack consists of various underlying technologies that allow our websites to exist and grow, our magazines to be published on time, our commercial, eCommerce and finance teams to work efficiently and our audiences to get the user experience they need from our content.

Our web platform Vanilla is a highly scalable and dynamic web platform that allows for online multi-language content creation, dynamic content analysis as well as content management capabilities. Having one core platform also allows us to be streamlined and operationally efficient with a low training overhead as all technology staff are trained in the one platform system.

This year we have seen an increased number of migrations (five in total) to our Vanilla platform including Guitar World and What Hi-Fi? (both brands having been acquired during the year). We now have a total of 15 sites on the Vanilla platform.

In conjunction with Vanilla, Hawk is the tool that we use to help customers find the right product for them online and the

success of the Hawk widgets has been instrumental in our global eCommerce growth this year. Hawk matches around 23 million product offers to a single product and over one million product offer updates are produced per second. It also means that every click is tracked end-to-end providing us with valuable insight into our customer behaviours.

Our advertising technology, Bordeaux, is a true enabler to further organic growth in the commercial advertising space and we have designed it to keep pace with the ever changing advertising landscape. Bordeaux works intelligently to deliver high advertising viewability, which in turn leads to increased revenues, and this resulted in brands such as T3 achieving above market average viewability rates of 78%.

Acquisitions

Future has made significant investments in acquisitions during the financial year. When choosing to invest we look for assets that will align with and enhance our existing portfolio and further our strategic vision. We look for scalable brands that have loyal and specialist audiences that can be monetised in different ways and that will add value to the group.

In April 2018 we acquired NewBay Media, an information and events business in the technology and entertainment sectors with B2B and B2C portfolios. In particular the substantial B2B portfolio has complemented our existing vertical offering whilst also adding B2B expertise, hence contributing to our revenue diversification. The acquisition allows us to further connect with our B2B communities and facilitates content sharing across our complementary B2C verticals.

The NewBay B2C brands have materially enhanced our music vertical, particularly in the US. As a case in point, the combination of the B2C and B2B music portfolio has allowed us to grow the vertical by applying our platform strategy and creating increasingly diversified revenues.

In May 2018 we acquired four specialist consumer brands from Haymarket Media Group: What Hi-Fi?, FourFourTwo, Practical Caravan and Practical Motorhome. These are established brands with loyal audiences that complement our existing verticals.

With Purch arose the opportunity to acquire a leading technology-enabled business in the US media industry. This completed in September 2018 and allows us to significantly expand our global reach and increase our market share in the US. As a result of this acquisition we are in a stronger position to create a market-leading position in consumer technology globally. Our revenue streams were further diversified through the addition of Publisher Services, where we provide advertising expertise for third party websites.

As well as the acquisitions that we have made in the financial year, we have also seen growth in some of our prior year acquisitions.

As we move into the next financial year our focus will be on optimising all of our acquisitions through efficient integration of operations and monetising the additional content across our established and new revenue streams.

As well as looking externally for portfolios that can enhance our offering, we also look internally at our assets with a critical view and re-evaluate the existing portfolio on a regular basis, rationalising our brands where appropriate.

Our strategy is underpinned by three factors:

Winning Differentiators

- Offering the easiest-to-access 'how to' advice wherever our audiences are
- Having the most relevant review content in the world
- Demonstrating the value of original content
- Disrupting publishing through platforms
- Anticipating our customers' needs

Competitive Essentials

- Creating meaningful relationships with strategic partners
- Blending human and artificial intelligence
- Simple but brilliant proprietary software
- Using data to drive yield optimisation
- Knowing our customers
- World-class SEO

Enablers

- A disciplined approach to investment through test
- Having a culture representative of our values
- Brilliant at the basics
- Cash returns focused
- Leaner, simpler philosophy

3. How we behave

1

We are part of the audience & their community.

Our passion for our products makes us part of the community we engage with. Our audiences give us a voice and that's an incredible privilege that we treat with reverence. We embrace all the ways we are able to communicate to our audiences – print, online and in person – and love doing so.

2

Let's do this.

We take the best decisions we can in the face of uncertainty. It makes us think each decision through – then we go for it. We commit to what we've agreed and have the confidence to persevere through tough times. But we're able to admit mistakes because that helps us learn and chart a new course when we need to. That's called 'doing it right'.

3

We are proud of our past & excited about our future.

We are proud to work at Future, because being part of this team feels good. We are one team, one company with big ambitions.

4

It's the people in the boat that matter.

Having the right team in the boat is mission critical. We are all successful when we are self-motivated, self-aware and self-disciplined. We support each other, challenge each other and have fun with each other. We are determined to hire people we can learn from and who we would have as our boss.

5

We all row the boat.

No matter how long you've worked here, or what your role is at Future, your contribution counts – so grab an oar! We move faster when everyone pulls in the same direction. So what you do – and how you do it – matters. We take responsibility because that's the best way to get things done. We collaborate because we're stronger together.

6

Results matter – success feels good.

We love being successful. We restlessly look to improve, be ever creative, and unashamedly commercial in our ventures. Great results mean we are able to align the needs and expectations of our audiences, communities, clients and shareholders.



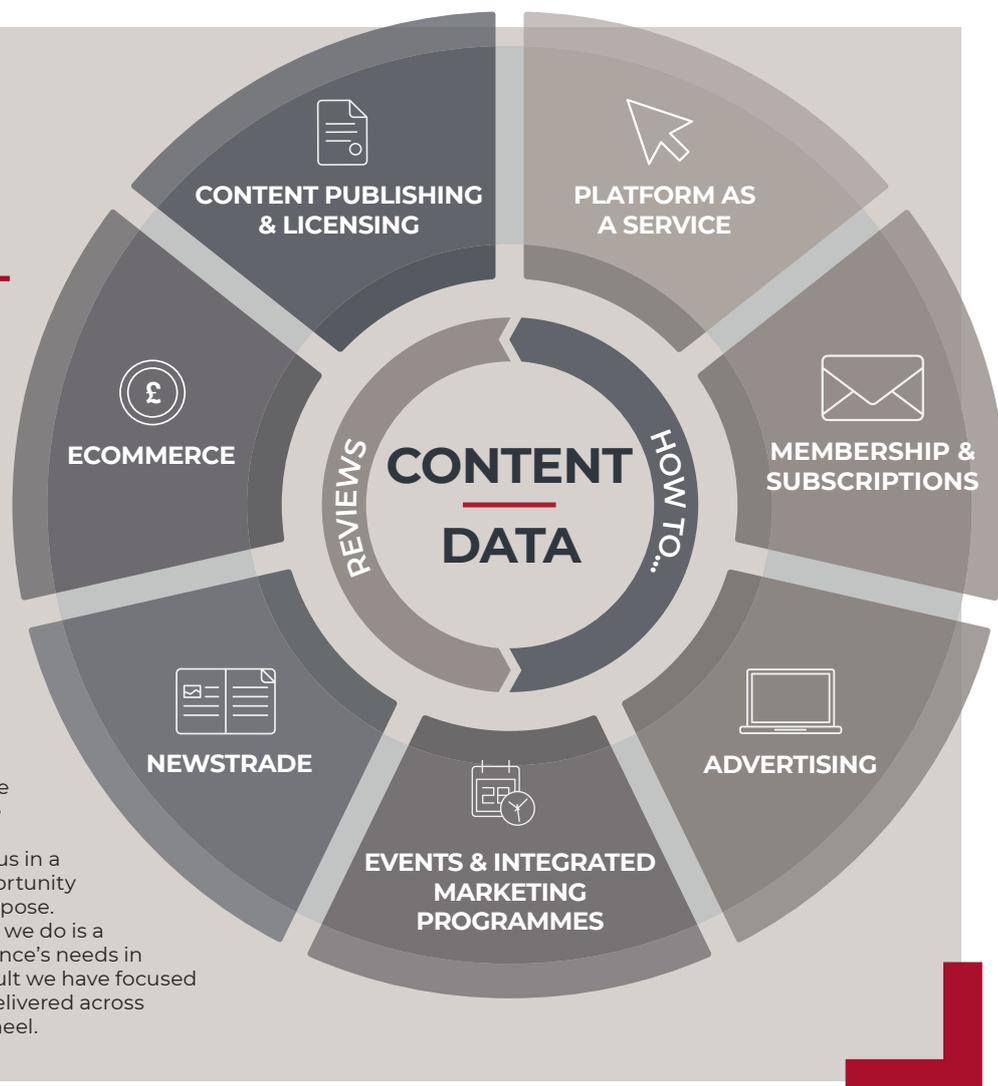
4. What we do

The Future strategy wheel

At Future our purpose is clear: to change people's lives through sharing our knowledge and expertise with them, making it easy and fun for them to do what they want.

In fulfilling this purpose we meet the needs of our communities wherever and whenever they access our content and so create our global audiences. We operate in passion verticals, where we can provide knowledge and expertise and we see this as a key differentiator.

As our strategy is focused on diversifying our business models we operate our business through three distinct lenses: globally, divisionally and vertically. We believe this puts us in a strong position to win at every opportunity and to ensure we deliver on our purpose. However, at the heart of everything we do is a desire to ensure we meet our audience's needs in whichever form this arises. As a result we have focused on creating products that can be delivered across multiple channels on the Future wheel.



Monetising the wheel

We have made considerable progress this year in diversifying our routes to market and hence monetisation, through both organic growth and acquisitions. This diversification gives our loyal communities the opportunity to engage with us in whichever way they please through the mediums of digital, print and events and wherever they may be based in the world.

As we look to monetise our content as effectively as possible, our two key focuses have been on producing re-usable content to maximise the efficiency of our editorial teams and the optimisation of our proprietary content management system to enable the simple re-use of magazine content online. Our 'how-to' content lends itself well to this and a single Future how-to guide can be published in a print edition, a licensed edition, an app, an online article and a bookazine if the material is designed appropriately.

The acquisition of the home interest division is a perfect case in point as to how we effectively monetise the wheel. Since the acquisition we have built on the existing brands by:

- Launching the website RealHomes.com; by September 2018 online user numbers reached 389,000 contributing to the increase in our global audience

- Relaunching Real Homes magazine in August 2018 and increasing the frequency of the Real Homes newsletter resulting in a 4% increase in recipients since January 2018
- Launching a new homebuilding event in Farnborough
- Growing the London Homebuilding & Renovating Show with year-on-year revenue growth of 17%

As we have diversified these revenues across the wheel we have decreased our reliance on print, which continues to show underlying decline. However, there remain significant opportunities within the magazine portfolio across the business. For example we published 524 bookazines this year contributing revenue of £9.3m to the Group.

Digital licensing has also experienced notable growth this year. We have launched digital licensing partnerships for TechRadar in 10 new markets and four different languages across the Middle East and Scandinavia since October 2017. As a result of the launch of these partnerships, TechRadar online users in the Scandinavian territories increased 20% in the first six months and in the Middle East online users of TechRadar have increased by 15%.

Our markets

As a result of our global audiences we operate across three continents: Europe, with offices in the UK and France; North America, with four offices in the US; and Asia Pacific, with an office in Australia. Below is a summary of our locations and audience.

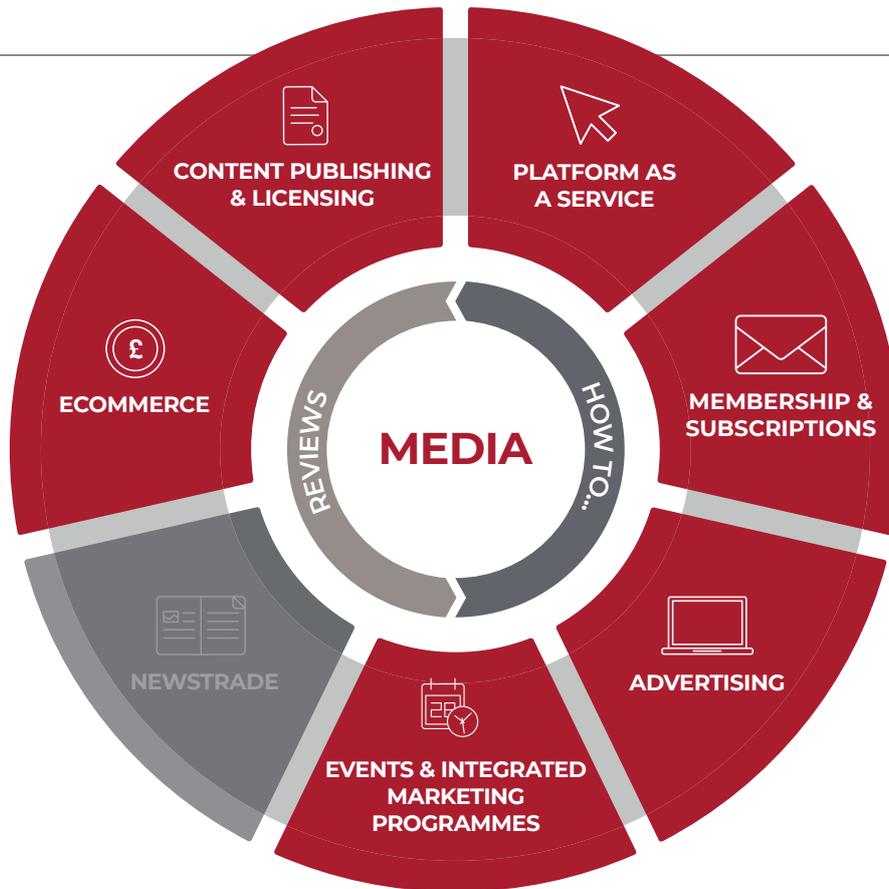


Rest of world online users: 50.0m

We organise ourselves into two business divisions – Media and Magazines. Focusing on our business in this way ensures that we can invest for growth while also ensuring we constantly assess the profitability of our magazine brands.

Turn over to see a breakdown of the Magazines and Media divisions >

Media division



The Media division is underpinned by our technology platforms and services. We have an elite team of developers and engineers. Tightly-knit and agile, they are a collective of passionate tech experts specialising in computer systems, data processing and scalability.

Our flourishing Media division is positioned as a leader in digital innovation with significant revenue growth year-on-year across all of our key revenue streams: digital advertising, eCommerce, events and digital licensing.

Of particular note was our strong pre-Christmas trading period starting with our most successful Black Friday and Cyber Monday week ever. During the period we generated 60 million page views and facilitated 250,000 transactions, with £25.5m worth of products sold across the UK and US over the Black Friday period.

Overall eCommerce transactions have increased 63% year-on-year to 3.23 million (2017: 1.98 million) and this has contributed to the outstanding revenue growth in this area of the business.

Underpinning all this success in the Media division is our development team who won the Digital Product Development Team of the Year award at the AOP awards in June.

Media KPIs



142m online users
up from 49m
in 2017



5k advertising clients



65 events
up from 22 in 2017



155k event attendees
up from 76k
in 2017



3.23m eCommerce transactions
up from 1.98m
in 2017

Magazines division



Red sections on the wheel relate to channels which we monetise and are live revenue streams in that division

The Magazines division publishes a number of special-interest magazines and bookazines, in both print and digital format. The portfolio covers technology, games and entertainment, music, photography and design, hobbies, home interest, and B2B verticals. Its titles include Classic Rock, Guitar Player, FourFourTwo, Homebuilding & Renovating, Digital Camera, Guitarist, How It Works, Total Film, What Hi-Fi? and Music Week. This year we published 524 bookazines and our global circulation reached 1.3 million (2017: 1.0 million).

Our acquisition of the Haymarket titles prompted us to form a new vertical, hobbies, which combines our field sports titles and knowledge titles with three of the Haymarket titles: Practical Caravan, Practical Motorhome and FourFourTwo.

Additionally, we have continued to generate revenue from our specialised content through print licensing, and this year we signed a total of 16 new regular frequency licensing agreements across 11 territories. Two of these new deals are from the titles we acquired in the year from Haymarket. Through these licensing partnerships we have entered five new territories – Greece, Turkey, Hungary, South Africa and Indonesia.

Future Fusion, our in-house creative service agency, also sits within the Magazines division and has had a successful year with year-on-year revenue growth of 93%. This year saw the launch of our first Canon consumer project which has generated significant revenue for the area. As part of this partnership Fusion covered the prestigious photography competition World Press Photo in April 2018.

Magazines KPIs



85 magazines & 524 bookazines



90 licensing partners



Total circulation of 1.33m up from 0.96m in 2017



935k subscribers up from 461k in 2017



Average subscriber retention of 66% in B2C and 69% in B2B





Loyal communities – our verticals

By creating content that meets the needs of our audiences, and helping them do the things they love, we create strong specialist communities. At Future we believe that loyal communities are a differentiator in media, where we create content that meets a need and as a result has a value for our partners.

Turn over to see a breakdown of each vertical >



Technology vertical

Future's technology brands cover all aspects of technology from phones to computing to home technology; providing reviews, buying guides and how-tos on technology products for both B2C and B2B audiences.

With the acquisition of Purch and its leading tech brands, including Tom's Guide and Tom's Hardware, we have significantly strengthened our position and reach in the technology vertical in the US and we already hold the number one position in the UK. Likewise the acquisition of technology brand What Hi-Fi? from Haymarket cemented Future's position in the technology sector in the UK as well as providing an entry into the neighbouring audio video market.

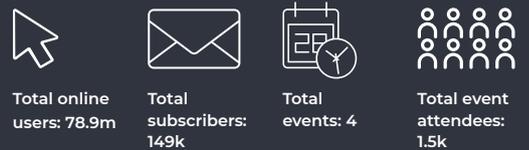
Online audience numbers have grown significantly with total online users to technology websites up 228% year-on-year, 25% of which is organic growth.



Brands include:



Vertical audience stats:



Market-leading positions:





Games & entertainment vertical

Our games & entertainment portfolio has been the voice of authority and source of influence for gamers and film and TV lovers across digital, events and print for over 30 years.

The portfolio is headed up by our two key gaming brands, GamesRadar+ and PC Gamer, both of which have seen growth in online user numbers year-on-year, with GamesRadar+ up 28% and PC Gamer up 11%. In addition, these two brands have shown significant growth in the US, with online users up 31% compared to last year.

With the Purch acquisition we further strengthened the portfolio with the comic books and genre entertainment brand Newsarama. Newsarama has a large social media following, reaching 370k users via Twitter and Facebook.

Brands include:



Vertical audience stats:

| | | | |
|---------------------------|------------------------|-----------------|-----------------------------|
| | | | |
| Total online users: 21.1m | Total subscribers: 82k | Total events: 3 | Total event attendees: 4.5k |

Market-leading positions:

- PC Gamer is the number 1 global PC gaming website
- Number 1 gaming magazine publisher in the UK



Creative & photography vertical

Our creative & photography portfolio is market-leading, providing creative inspiration for the global design and photography communities.

This year we launched a new event, Vertex, which was attended by 600 delegates. Vertex is an event for the Computer Graphics (CG) community, bringing them together for networking, practical inspiration and insight.

Online photography website Digital Camera World, which we launched in July last year, has shown phenomenal growth this year, with online users up by over 600%.

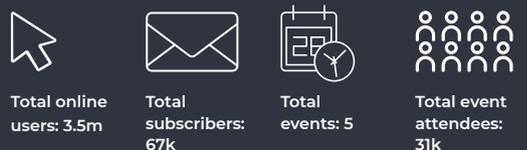
Our flagship photography event, The Photography Show, remains the largest photography exhibition in the UK and attracts over 30,000 visitors each year.



Brands include:



Vertical audience stats:



Market-leading positions:





Music vertical

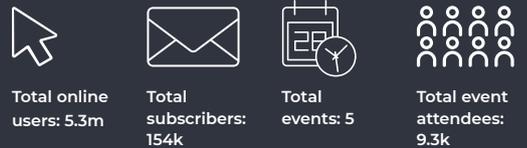
Our music vertical continues to see growth in Media revenue with an 81% year-on-year increase. This growth has been bolstered by the launch of our online music platform Louder, a reimagining of the TeamRock.com brand as a definitive music site for our users. The NewBay Media B2C music portfolio acquired this year, with brands such as Guitar World and Guitar Player, has further contributed to this growth.

We are the leading consumer music-making magazine publisher and the second largest online publisher in the UK and the US. On the back of these market-leading positions we launched the UK Guitar Show, a sold-out event, including the second World Guitar Day.

Brands include:

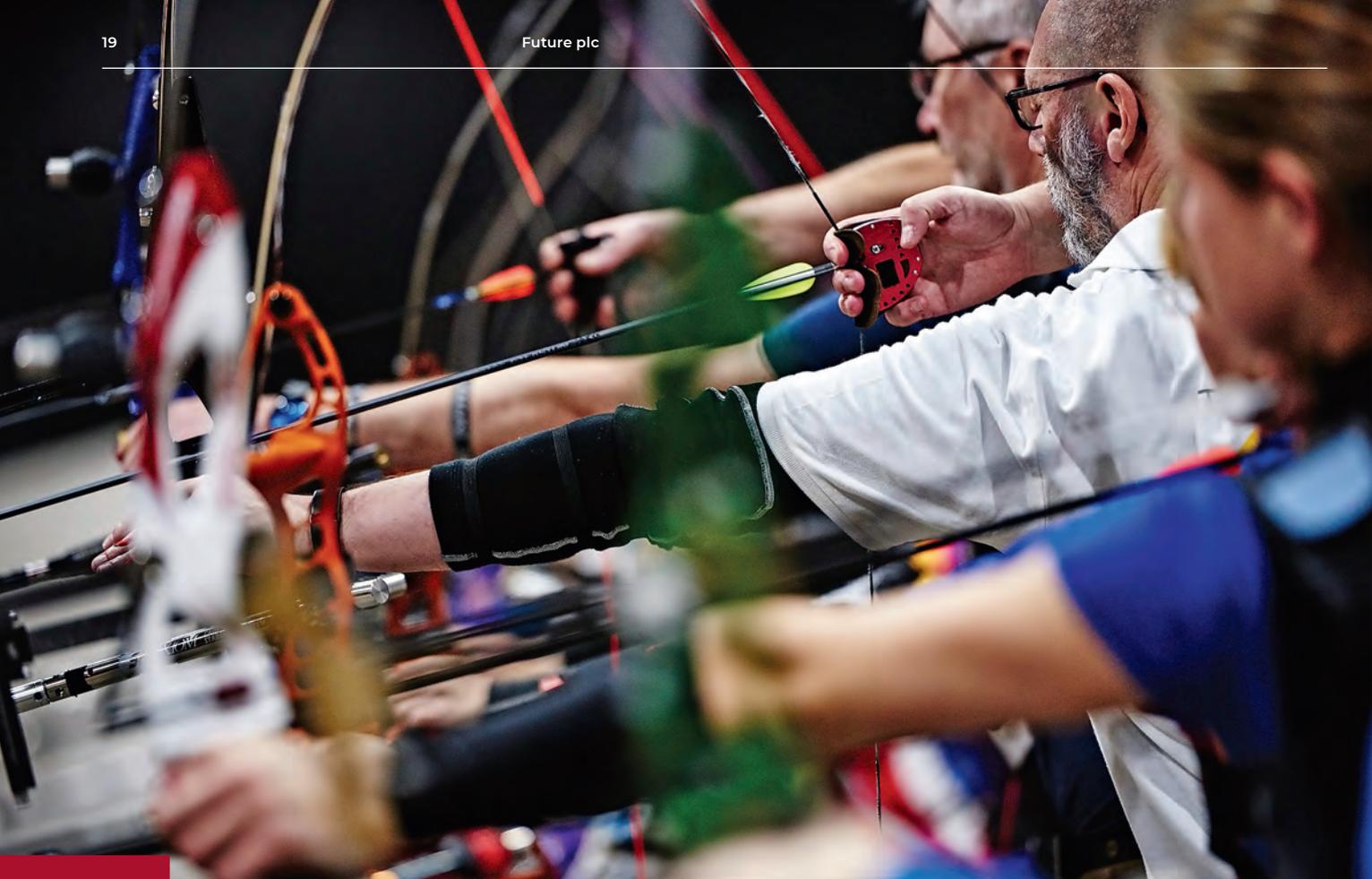


Vertical audience stats:



Market-leading positions:

Number 1 consumer music making magazine publisher in the UK and the US

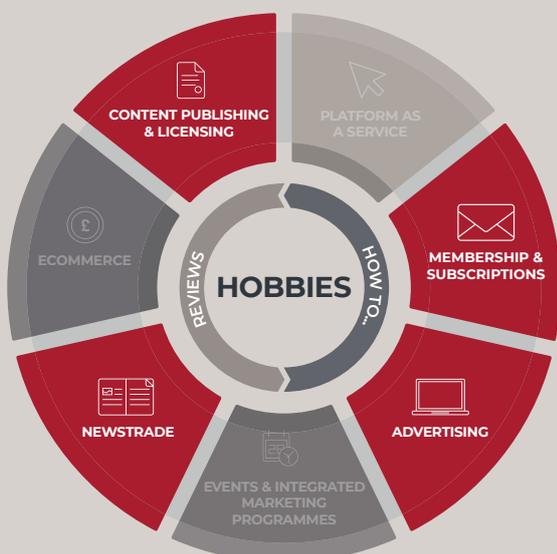


Hobbies vertical

Our hobbies vertical is made up of two sectors – knowledge and outdoor leisure. The brands in the hobbies vertical are highly specialist with loyal communities. Our knowledge brands cover topics such as science and history and produce several highly successful bookazines throughout the year.

The addition of Live Science and Space.com from the Purch acquisition this year has given us the market-leading position online in the US for science.

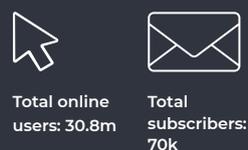
The outdoor leisure brands include our field sports titles, our football brand FourFourTwo and our caravanning titles, Practical Caravan and Practical Motorhome, which we acquired from Haymarket this year. Following this acquisition we are the leading caravan magazine publisher in the UK led by the long-standing Practical Caravan which was launched in 1967.



Brands include:



Vertical audience stats:



Market-leading positions:





Home interest vertical

The brands in our home interest vertical cover all aspects of home building and interior design including design and building ideas, product reviews, readers' homes and expert advice.

Having acquired the home interest portfolio from Centaur in August 2017 we have expanded the brands by effectively monetising our platform wheel. This has included launching the website RealHomes.com, re-launching Real Homes magazine, increasing the frequency of the Real Homes newsletter and launching a new homebuilding event in Farnborough.

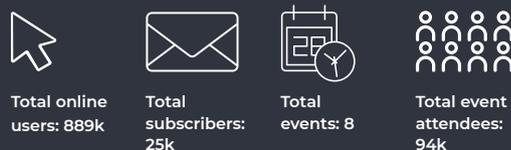
The number one homebuilding event in the UK, Homebuilding & Renovating Show, takes place in eight locations nationally, with total attendees exceeding 94,000.



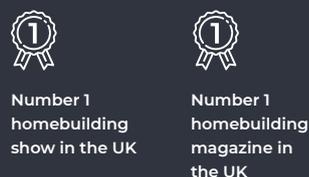
Brands include:



Vertical audience stats:



Market-leading positions:



B2B vertical

The acquisition of NewBay Media in April this year greatly expanded our B2B expertise and portfolio. This means that we now have a separate B2B vertical for which there are five distinct sub-verticals: music, education, media entertainment & technology, consumer technology & gaming and audio video technology.

In addition to regular magazines, websites and events we publish a number of show dailies, which are publications produced for third party events, throughout the year. For example, we publish the Consumer Electronics Show Daily, which is provided to all attendees on each day of the event. Publishing the daily expands our visibility at the Consumer Electronics Show, "CES", and presents further opportunities to offer creative solutions to our consumer technology clients attending the event.

A new revenue stream for us is paid entry awards, where we create award competitions within our verticals and invite companies and individuals to enter for a fee. This new source of revenue has created further robustness in our revenue streams.



Brands include:



B2B music sub-vertical

Our B2B music portfolio consists of long established brands with real heritage: Music Week, a trade media brand for the UK music industry for over 50 years; Pro Sound News and Pro Sound News Europe, serving the professional audio community for 40 years; and the 30 year old Mix covering high-end audio production.

Since acquiring these brands as part of the NewBay acquisition in April this year we have, using our buy and build strategy, launched Music Tech Week Summit, which attracted 300 delegates, run a sold-out Music Week Awards and grown both corporate and newsletter subscriptions.

The B2B music portfolio perfectly complements our consumer music portfolio allowing for further advertising opportunities and content sharing.

Vertical audience stats:

| | | | |
|--------------------------|------------------------|-----------------|-----------------------------|
| | | | |
| Total online users: 315k | Total subscribers: 63k | Total events: 5 | Total event attendees: 3.0k |



Brands include:

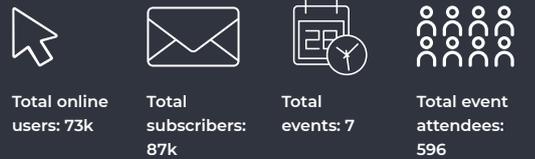


B2B education sub-vertical

Tech & Learning has been an education technology publication and resource for over 37 years. Focusing primarily on K-12 educators, it is a full education technology resource offering a truly integrated platform across print, online and events.

We run Tech & Learning Live and Tech & Learning Summit in a number of regions across the US throughout the year.

Vertical audience stats:



Brands include:



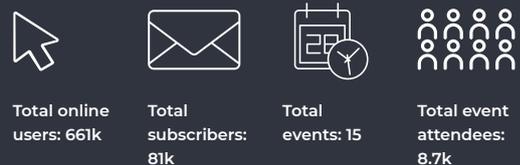
B2B media entertainment & technology sub-vertical

The brands forming our media entertainment & technology vertical provide in-depth news and features for the entertainment and tech industries, including broadcast television and radio. These brands, including Radio World and TV Technology, are long-standing heritage brands, having been active for 20 and 30 years respectively.

A particular success within this vertical was the launch of the new B2B OTT & Video Distribution Summit in the US which exceeded expectations with 359 attendees and demonstrates how we are able to effectively utilise our B2B expertise to develop new and appealing events within the Media division.

Since 1999, Multichannel News' Wonder Women Awards in New York have celebrated the accomplishments of industry decision-makers who have helped pave the way for younger generations of women in the evolving worlds of multichannel TV and related media businesses.

Vertical audience stats:





B2B consumer technology & gaming sub-vertical

TWICE is the leading brand serving the B2B needs of those in the technology and consumer electronics industries. The brand covers consumer technology through a suite of digital offerings: Twice.com, eNewsletters, events and custom content including native advertising, white papers, video and webinars.

Brands include:



Vertical audience stats:



Total online users: 75k



Total subscribers: 19k

Market-leading positions:



TWICE is the number one B2B consumer technology magazine in the US



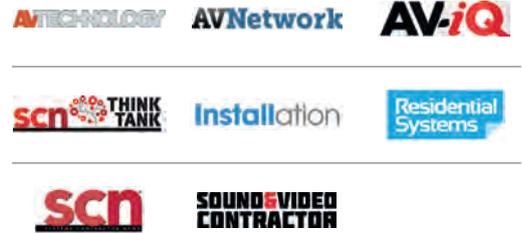
B2B audio video technology sub-vertical

Our AV technology vertical consists of market-leading magazines, websites and events serving professionals in the audio video industry.

Our AV brands cover audio video and IT systems, systems integration and home entertainment and automation design through news analysis, trend reports, product news and technology information.

This portfolio of long-standing brands makes us the market-leading B2B AV technology publisher in the US.

Brands include:



Vertical audience stats:



Total online users: 160k



Total subscribers: 99k



Total events: 6

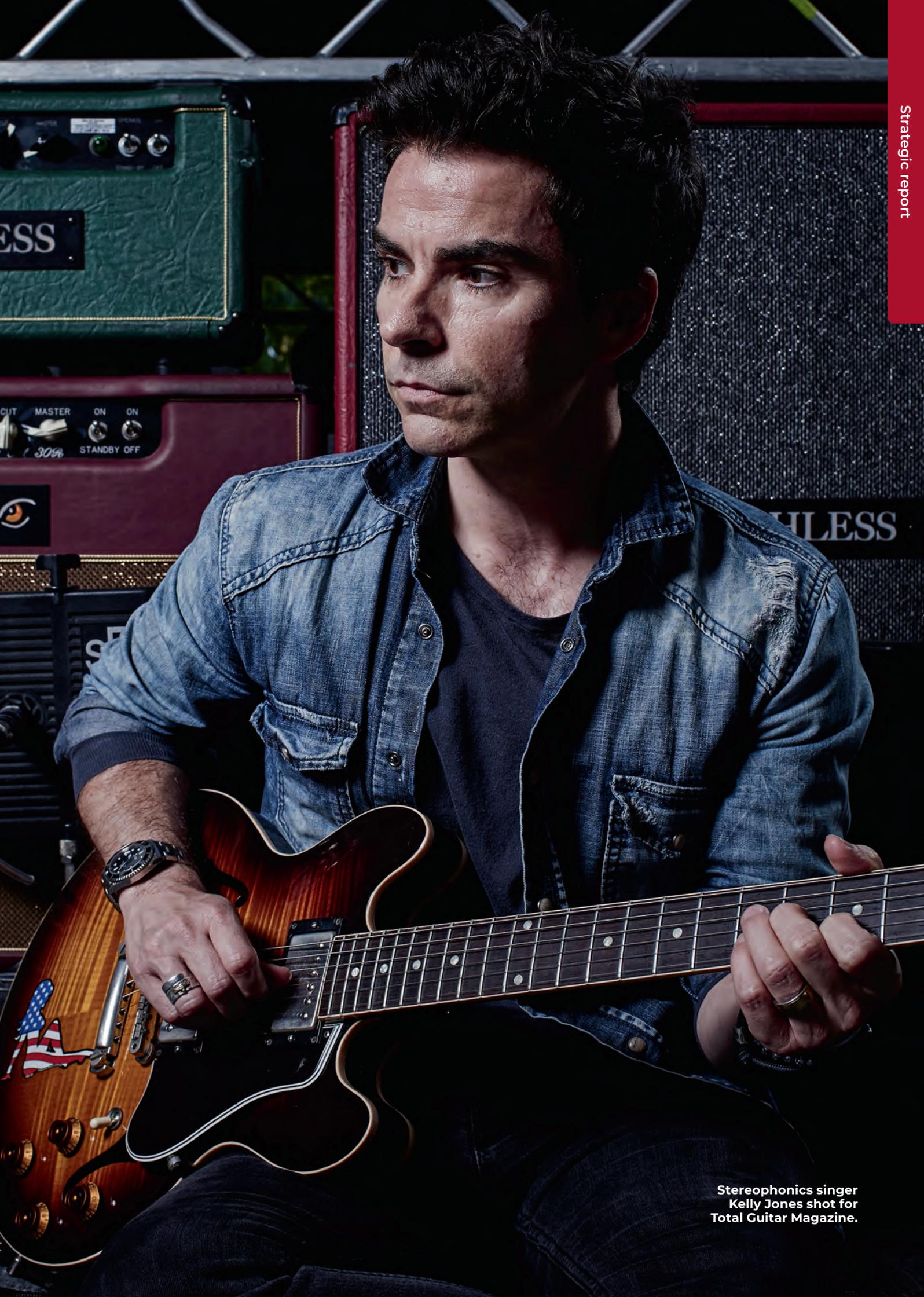


Total event attendees: 578

Market-leading positions:



Leading B2B AV technology publisher in the US



Stereophonics singer Kelly Jones shot for Total Guitar Magazine.



Zillah Byng-Thorne
Chief Executive

“

We have seen another year of strong growth, demonstrating the continued success of our strategy to establish a tech-enabled global platform for specialist media. We have grown revenue and profitability both organically and through acquisition, driven by investment in our core operating model and continual diversification of our revenue streams.

”

Chief Executive's review

We have seen another year of substantial growth for Future with Group revenue up 48% year-on-year to £124.6m (2017: £84.4m), which is driven by a mixture of strong organic growth of 11% and acquisitions. Adjusted EBITDA is up 88% year-on-year to £20.7m and adjusted EPS is up 33% to 26.2p (2017: 19.7p).

Media revenue has increased by 88% to £64.2m (2017: £34.1m), driven primarily by the Group's fast growing revenue streams of eCommerce and digital display advertising, and through our successful acquisition programme. Media revenue increased by an impressive 40% on an underlying basis (excluding the impact of 2018 acquisitions and home interest acquisition).

Content sits at the heart of all we do at Future, and a key measure of our success is the continued growth of our online audiences combined with the ability to then monetise them. During 2018 Online Revenue Per User (RPU), a key metric, has increased in both the UK, by 26% to £1.68, and the US, by 32% to £0.96, as we monetise our audiences more effectively across both territories.

Organic growth in Media revenue enables us to manage the expected decline in Magazine revenue and focus on margins and cash flow. Acquisitions have resulted in revenues increasing within the Magazine division by 20%, helping offset the underlying decline. As a result of the changing mix of our business, revenue from Media exceeded Magazine this year for the first time with the split of revenue now 52%:48%. Post the NewBay and Purch acquisitions, this is expected to be in the region of 65%:35%.

In conjunction with the considerable growth and development of the Group this year, we continue to drive operational efficiencies throughout the organisation, which has resulted in our adjusted EBITDA margin increasing to 17% (2017: 13%).

Future remains a low capital intensive business with capital expenditure representing 12% of adjusted EBITDA (2017: 16%; 2016: 37%).

Future continues to be highly cash-generative with efficient adjusted cash conversion of 96% (2017: 155%) and adjusted free cash flow rising to £17.4m (2017: £15.3m), demonstrating the Group's ongoing focus on efficient working capital management.

Generating predictable, consistent cash flows and diversifying revenue streams is an ongoing focus of the Group. As a result the Board has recommended the payment of a dividend to shareholders whilst ensuring that we maintain sufficient resources to continue investment in the business.

The nature of the Group's business means there are no specific risks to the Group associated with Brexit other than the impact general economic uncertainty has on consumer spending.

Global platform business for specialist media

Our strategy to establish a global platform business with scalable, diversified brands is delivering sustainable material growth, as evidenced by our performance during this financial year.

We continue to diversify our revenues through acquisitions and organic growth both geographically and across our product offerings, in addition to consolidating our position in our specialist content categories.

We have seen particularly strong organic growth in eCommerce and digital display advertising this year driven principally by excellent growth of our consumer technology vertical, which grew its eCommerce revenue by 136% and digital display advertising revenue by 41%.

Strategic acquisitions have enabled us to further scale our key revenue streams and expand geographically. Our events revenue more than doubled to £12.9m, principally due to the full year impact of the home interest division, which was acquired in August 2017, of which the popular Homebuilding events form an integral part.

The acquisitions of NewBay Media and Purch this year have also contributed to significant growth in the US, with US revenue now representing 32% (2017: 23%) of total revenue. The expansion of our US business provides material opportunities to monetise our significant US online audience.

We continue to invest in the core operating model, enabling a scalable organisation. During this year we migrated four websites on to our website platform "Vanilla" and also launched two new brands.

People & Culture

Our six company values underpin everything we do and are a fundamental part of everyday life at Future. One of the values is 'It's the people in the boat that matter' and this year has seen us sharpen the focus on developing our people as we continue to grow the business.

To this end we created a new executive role to focus solely on our People & Culture. Their primary objective is to enable our colleagues to be their best self, underpinning a high-performing culture. As part of this goal we have developed an innovative residential induction programme which immerses new starters in our values and culture. A great outcome of this is the building of networks across the organisation and the fostering of collaboration across our brands.

As a result of the growth of the Group, the number of employees at Future increased from 634 to just over 1,000 globally through acquisitions and the creation of new roles. The delivery of our strategy is dependent on the continued nurturing of this workforce.

Recruiting and retaining the best talent regardless of the role is crucial to our success and as a result, Future focuses on ensuring that our employees share in our success and are rewarded fairly. Future was proud to have become a Living Wage employer during the year, and as a result of our significant financial performance we were also able to reward all our staff for their talent and commitment by paying out, for the first time (since introduction), the maximum amount payable under the annual profit pool scheme.

The extremely successful annual conference gave the Group an opportunity to showcase the breadth of talent amongst Future staff and encourage networking. This year we were required to seek out a new venue for the UK conference to accommodate our growth - an exciting milestone, while in the US we were able to have all our new Purch and NewBay colleagues join us.

Acquisitions

Future has established a profitable global platform business through further investment in both people and technology and through the successful acquisition and integration of complementary businesses. During the year Future made four acquisitions, which

broaden and strengthen our B2C and B2B portfolios and materially increase our global reach. This is particularly evident in the US where we have seen revenue growth of over 100%.

In April 2018 we acquired for £9.9m NewBay Media LLC, a US-based content and events business that provides a material step in diversifying revenues into B2B revenue streams.

In May 2018 we acquired for £10.7m four specialist consumer titles from Haymarket Media Group, which expanded our portfolio into the sport and outdoor leisure sectors as well as providing additional diversification within the technology vertical.

In August 2018 Future acquired three gaming and technology brands from Australian media company Nextmedia - PC PowerPlay, Hyper and PC & Tech Authority, including magazines, digital editions, Upgrade events and Australian PC Awards. This acquisition expands the Group's presence in the Australia technology and gaming media markets. Whilst the acquisition was small, it provides us with an important local presence.

In September 2018 we acquired the consumer division of Purch for £99.1m (which was funded via a rights issue), a technology-enabled US-based media business with leading online brands in the technology and science sectors. Bringing Purch's brands and digital platforms into the Future business has further cemented Future's position as a growing, global platform for specialist media, particularly in the US, where our market position has considerably increased.

Key details of the acquisitions we have made in 2018 are included below:

| Acquisition | Revenue* |
|------------------|----------|
| NewBay Media LLC | £36.8m |
| Haymarket titles | £11.2m |
| Nextmedia titles | £1.0m |
| Purch Group LLC | £47.5m |

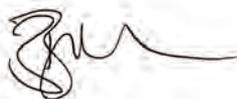
*Revenue figures obtained from most recent annual financial information or where more relevant, financial information relating to the acquired assets to demonstrate the relative size of the acquisitions (reflecting 12 months of revenues).

Current trading and outlook

The year has started well with trading ahead of the Board's expectations for this quarter, and while we recognise there is still much uncertainty for the remainder of the year, the Board is confident that trading will continue the trends of the last year with strong growth.

The integration of the home interest division is now complete and it has become a material operating vertical.

The integrations of NewBay and Haymarket are progressing as planned and are substantially complete. The integration of the Purch acquisition is progressing in line with expectations and we expect the vast majority of the work to be completed in the early New Year. The integration of the titles acquired from Nextmedia is also on track.



Zillah Byng-Thorne
Chief Executive
12 December 2018



Risks and uncertainties

Future takes its approach to the identification, evaluation and mitigation of risk and uncertainty extremely seriously, and so has recently developed a robust framework that embeds risk management throughout its organisation and across its operations. Whilst it is accepted that risk forms a part of operating in business, delivering its strategic objectives whilst mitigating those risks is a fundamental objective for Future's Board and its executive management teams.

Approach to risk

The Board

- Sets risk appetite taking into account strategic objectives
- Conducts 'deep dives' into specific principal risks
- Approves principal Group risks
- Assesses impact of principal risks when analysing the Group's long-term viability
- Considers views from management and the Audit Committee as part of its review of the effectiveness of the system of internal controls

The Audit Committee

- Monitors the adequacy and effectiveness of internal control and risk management systems
- Ensures that a robust assessment of the principal risks facing the Group has been undertaken

Executive team

As part of the Group's new process the executive team:

- Prioritises principal risks through formal six-monthly review process
- Allocates resources to manage risks according to potential impact
- Communicates priorities to the business
- Reviews detailed risk register to agree principal risks
- Identifies any emerging actions where Group-wide action is required
- Reviews effectiveness of risk management procedures
- Reports to the Board on a regular basis

Whilst Future operates in an evolving environment with several clear risks, it takes a pro-active and robust approach to identifying any new risks, and evaluating and mitigating all known risks through a regular review process.

Our internal controls seek to minimise the impact of risks, as explained in our Corporate Governance report on pages 47 to 50, and during the year we have continued to develop those controls in response to the wider range of risks. We have also recently introduced a more granular approach to risk which includes a formal, six-monthly review by the executive team and the addition of risk management to the Audit Committee as a standard agenda item for every meeting.

Risk management

| Risks | Description |
|-------------------------------|--|
| Reliance on 'search' | <p>Future is exposed to Google to the extent that its websites are reliant on 'search' (i.e. a user navigating to one of Future's websites via a 'search engine' such as Google).</p> <p>Future is very exposed to Google from a revenue perspective, particularly to any reaction by them to the ever increasing regulation that is being imposed on them, or an unplanned change in the Google algorithm.</p> |
| Changes in advertising models | <p>The increasing trends towards ad blocking & privacy could result in Future being unable to monetise online advertising inventory to the same extent as it does currently.</p> <p>Both of these factors could have a detrimental impact on Future's revenues.</p> |
| IT | <p>The business is increasingly dependent on technology.</p> <p>Most Future offices run a skeleton network, which in turn links back to centralised data centres, and each Future office is connected to the data centre via a managed internet service, which is provided by third parties. These skeleton networks reduce the risk to the business of a localised network outage.</p> <p>However, if the data centres were compromised (i.e. total network or server failure, or data loss) then there would be a major impact on the production of magazines, operation of websites and the operational effectiveness of the business.</p> |
| Personal data and cyber fraud | <p>The collection, storage and use of personal data by the Group presents a risk of misuse, loss of personal data, or cyber-attack which could result in high penalties from the Information Commissioner's Office (ICO). Future may suffer reputational risk, as well as a significant financial penalty, if it is responsible for the breach.</p> <p>Future is required to comply with strict data protection and privacy legislation, including the General Data Protection Regulation (GDPR). Such laws restrict Future's ability to collect and use personal information relating to its customers and third parties, including the marketing use of that information, and the GDPR places additional restrictions on such use. The need to comply with data protection legislation is a significant control, operational and reputational risk which can affect the Group.</p> |
| Staff | <p>The Group's strong reputation as a leading global platform business makes its staff potentially attractive to competitors. There is a risk that key staff will move elsewhere if offered significant increases in remuneration with which Future is unable to compete.</p> |
| Operating environment | <p>The structural change in our operating environment and the pace of the transition from print remain a real risk. The impact of this risk includes print circulation volumes and print advertising revenues declining at a faster rate than anticipated and digital revenues not growing at a rate to offset the decline.</p> |
| Intellectual property | <p>Future uses various types of third-party content including music, audio-visual material, photos, images and text. As a publisher, Future is responsible for any intellectual property, other infringement or any legal issue relating to the same. In addition, Future grants licences to its licensees allowing them to use various types of third-party content. As licensor, Future is responsible to its licensees for any intellectual property infringement or for any claim that such content breaches applicable laws.</p> |
| Acquisitions | <p>The Group continues to search for opportunities to grow through acquisition. There is a risk that any such acquisition or its subsequent integration fails to create value for shareholders.</p> |
| Economic downturn / Brexit | <p>The impact of Brexit could result in a reduction in consumer spending, resulting in loss of revenue and impact on advertisers.</p> |

Mitigation

Future has a dedicated audience development team who work to ensure that Future embeds best practice within its editorial and technical teams.

In addition Future continues to invest in the creation of top quality content that will meet the needs of audiences and therefore mitigate as much as possible its reliance on 'search'.

The trend for ad blocking and new market developments are continually under review by management. Future has worked with Google and the Coalition for Better Ads, introducing Google's ad blocker to minimise use of alternatives, which is part of Future's core culture to innovate constantly to embrace a changing marketplace.

In addition Future's technology team have developed, through Bordeaux, tools to improve advertising viewability and the quality of adverts.

Future's network has at least two diverse routes for all key offices and business-critical data is held on two highly resilient storage devices in different locations. In addition, all core switches within the data centres are duplicated in different buildings so there are no single points of failure (other than the legacy Bournemouth and NewBay US office, in respect of which plans are in place to rectify). Servers are distributed across two main data centre locations (which house 1.5 petabytes of storage) and several significantly smaller controlled server rooms in different buildings in Bath, Bournemouth and New York.

Investment in the IT infrastructure has been made in 2018 and more is planned for 2019 to ensure that Future maintains the highest levels of compatibility, security and compliance.

Future seeks to ensure all of its systems comply with best practice as regards to security and has in place a plan to mitigate the effects of any hack. The Group is continually investing and upgrading its IT systems and processes to ensure that they are sufficiently robust and appropriate for the digital age. Controls are in place to ensure compliance with data protection legislation and confirmation is sought from all third parties who might be involved in providing or processing data to ensure they are also in compliance with such legislation.

Following GDPR coming into force in May 2018, the Group appointed a Data Protection Officer, undertook a comprehensive audit of personal data, performed risk assessments and reviewed all of its policies and procedures in respect of personal data. Since the legislation has been in force, a small Data Team (including the DPO) oversees all data matters to ensure compliance and to develop and improve Future's data practices and procedures.

Future employs people who are passionate about their area of expertise. Future offers a number of staff benefits and incentive programmes to attract and retain key staff, and steps are taken to ensure that the Group is not excessively reliant upon any one employee.

Future continues to innovate, making available its special-interest content to consumers in a number of formats, in print, online and at events. The diversification of revenues (particularly the growth in Media revenues) helps protect against rapid changes in the operating environment. Future creates best-in-class content to create an emotional connection with our audiences of engaged enthusiasts, who represent an attractive audience for advertisers. In doing so Future has become an integral part of the purchase cycle which can be monetised via eCommerce and other digital means.

There is a mandatory IP in-house training programme to educate Future's editorial staff on the importance of obtaining appropriate rights or licences and Future has a dedicated in-house rights management team. In addition, there is mandatory defamation training for all editorial staff. Future's legal team reviews all significant licences relating to third-party content and, where appropriate, seeks warranties and indemnities relating to the same. Future licenses content to third parties based on standard contracts which seek to limit Future's liability.

The Group has successfully completed and integrated nine acquisitions over the last 36 months. The management team is highly experienced and adept at identifying suitable acquisition opportunities, executing the deal and integrating the acquired business into the wider Future group. The risk is further mitigated through the performance of due diligence appropriate to the size and scale of the acquisition and the preparation of a clear and detailed integration plan which is carefully managed.

The impact of Brexit is currently unknown, however as developments arise we will, if required, quickly set up a steering committee to assess the impact on the Group and react accordingly. The fundamental risk is partially mitigated by the geographical diversity of Future's revenue streams, as we do not expect Future's US or Australian revenues to be significantly impacted by Brexit.

Corporate responsibility – we are part of the audience and the community

Corporate responsibility is integral to the way Future conducts its business. We focus our efforts around five key areas where we believe we can make a difference.

1. The environment

We have a responsibility to reduce our impact on the planet whilst encouraging our consumers and partners to support our initiatives.

Sourcing paper

Paper is the largest raw material we use as a Group. We work hard to make sure that whatever we consume, we do in a way that is ethically responsible and environmentally sustainable. In 2018, all of our paper across the Group was sourced from either recycled fibre or sustainable forests where at least one tree is planted for every tree felled.

Our paper is sourced and produced from sustainable, managed forests, conforming to strict environmental and socio-economic standards. Our paper mills and paper merchants all hold full FSC (Forest Stewardship Council) certification and accreditation showing our commitment to sourcing paper supplies from sustainable sources.

In 2018, over 90% of the paper we used in the UK was FSC certified. We actively encourage our suppliers to work towards FSC certification or one of the other internationally recognised and independently audited certification schemes for environmental care in forest management and conservation.

Recycling and waste

The Group is strongly incentivised to minimise the number of unsold magazines and we employ sophisticated techniques to help achieve this. In the UK, Future's unsold magazines are either recycled or handed to local schools and hospitals. We also support the PPA's initiative encouraging readers to recycle their magazines after use and we comply with our obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations. The disposal of waste materials is also included in our print supplier audit. We are committed to reducing waste across all of our events, reducing our reliance on single-use plastic. We play an active part in recycling across all of our locations.

In 2018, we have moved towards significantly reducing single use plastic at all of our UK events. We partnered with Sky Ocean Rescue at our Mobile Industry Awards to hold our first plastic-free event in May.

Supplier audits

We undertake environmental and ethical audits on our main suppliers which include aspects such as the processing and disposal of effluents, emissions and waste materials, and the use of labour.

2. Our people

Our six company values underpin everything we do and are a fundamental part of everyday life at Future.

Future's employees are our most important asset; collectively, they are our winning differentiator. Throughout the year, we have made a number of changes which reinforce our focus around our people. We have evolved our Human Resources function to that of a People & Culture team focusing on evolving our culture by embedding our values into everything we do, enabling inclusion and high performance.

In addition to evolving the focus of the People and Culture team, we have seen the creation of a dedicated People & Culture Managing Director whose primary objective is to enable our colleagues to be their best self, underpinning our high-performance environment. We relocated this position to New York this year to reflect the changing nature of our business, ensuring we could embed our values and Company culture, whilst supporting the continued growth in the US.

We have had a large number of new starters join the business in 2018 - with 191 new joiners and over 500 staff joining from acquisitions. To aid the smooth integration of new talent, we have made a number of investments in our People & Culture function and have ensured that all new joiners get off to the best start at Future by developing a hugely popular residential induction programme which immerses new starters in our values and culture. A great outcome from this is the building of networks across the organisation and the fostering of collaboration across our brands. During the year we also introduced a new software application to improve our management of our people, making it easier and faster for our employees to execute simple tasks.



Employment data across the Group

2018

| | |
|--|---------|
| Split of female:male employees as at 30 September 2018 | 41%:59% |
| Split of female:male Directors of the Company as at 30 September 2018 | 40%:60% |
| Split of female:male members of the Executive Committee as at 30 September 2018 | 36%:64% |
| Earnings meet at least legal minimum or minimum set by industry | Yes |
| Cases of reported and proven discrimination or harassment | None |
| Consultation and communication procedures in place for all areas of the business | Yes |
| Code of conduct circulated to all existing and new employees | Yes |
| Employment of young people under the age of 15 | None |



The extremely successful annual conference gave an opportunity to showcase the breadth of talent amongst the Future staff and encourage networking. This year we were required to seek out a new venue for the UK conference to accommodate our growth - an exciting milestone, while in the US we were able to have all our new colleagues from the Purch & NewBay acquisitions join us.

Diversity

At Future we are passionate about equality and diversity throughout our organisation and we pride ourselves on having a transparent and inclusive culture which enables everyone, regardless of their background, race, ethnicity, or gender, to thrive. Both Future's CEO and CFO are women and as outlined in the table opposite 40% of Future Plc's board is female and 36% of Future's Executive Leadership positions are held by women. This demonstrates our commitment to inclusion and gender diversity.

As reported externally in Future's Gender Pay Gap report (for the snap-shot period ending 5 April 2017) we were pleased to report that Future's median pay gap is below the national average and that as an organisation we reward our employees on a consistent basis with the proportion of individuals receiving a bonus being almost identical for both men and women.

Future's business is underpinned by six core values, the first of which is that 'we are part of the audience and their community'. At Future we recognise that our audiences are highly engaged, passionate and tribal. We strive to ensure that our workforce reflects their diversity, in order to maximise engagement whilst also being reverent to the privilege it is to be part of these communities.

In the US we have signed the Ascent promise which is a commitment to creating an inclusive and equitable workplace, including sharing best practice.

Policy on disability

The Group aims to ensure that when considering recruitment, training, career development, promotion or any other aspect of employment, no employee or job applicant is discriminated against, either directly or indirectly, on the grounds of disability.

If an employee became disabled while in employment and as a result was unable to perform their duties, we would make every effort to offer suitable alternative employment and assistance with retraining.

Internal communication

Future has policies on employee communication, acceptable use of IT, health and safety and whistle-blowing, and we have a commitment to diversity and opportunity. The new HR and recruitment system, which was launched during the year, also acts as a hub for all internal communications and ensures that our geographically diverse workforce are kept abreast of all key developments.

We hold quarterly town hall sessions for all employees and extended leadership team meetings where we discuss key strategic initiatives and the performance of the business. In September 2018 we held an all-company conference in the UK, US and Australia. These initiatives ensure that communication is constantly improving across the business, reinforce the building of a positive working environment where we celebrate successes and also help to ensure there is alignment across the business.

In addition to this, we have a weekly staff communication highlighting best practice across the Group, a monthly CEO video blog which covers a round-up of key themes in the month and, on an ad-hoc basis, we run an 'Ask Zillah' SlackChat session where our CEO goes online with the whole Group to answer any questions. Our environment is one where we encourage employees to give their views freely and contribute to initiatives, as this continuously develops and improves our offering for the benefit of our consumers and clients.

Whistle-blowing and anti-bribery policies

It is Future's policy to conduct all of our business in an honest and ethical manner, and we take a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships, wherever we operate, and we are implementing and enforcing effective systems to counter bribery and corruption. We have whistle-blowing and anti-bribery policies which are updated regularly and published on our intranet to encourage employees to report, in good faith, any genuine suspicions of fraud, bribery or malpractice. The whistle-blowing policy is also designed to ensure that any employee who raises a genuine concern is protected. In addition, to ensure

Future is adopting best practice with anti-corruption legislation, and to promote transparency, a Review Kit, Trips and Gifts Log is in place to track the whereabouts of products sent to us for review and the acceptance of gifts and trips by our employees.

Health and safety

The health and safety of all employees is a key priority for the Group. Future is largely an office-based environment and all locations across the Group comply with relevant legislation and we communicate our health and safety policy to all employees. In the UK, during the year to 30 September 2018, there were no fatalities and 11 minor injuries. There were no fatalities or injuries in the US or Australia during the year.

3. The community

Giving something back

In the UK the Group has worked in partnership with Bath-based charitable foundation Quartet, which makes donations to local charities on our behalf, and SpecialEffect, a charity which uses video games and technology to enhance the quality of life of people with disabilities. We are committed to giving back to our local communities and support local charities in both the UK and the US. In addition, Future provides a staff matching scheme for all employees who raise money for charitable ventures.

Future in the wider community

Future people have been actively involved in the year with a number of national organisations including the Professional Publishers Association, European Magazine Media Association, Association of Online Publishers, NABS, European & Leisure Software Publishers Association, the IPA, the Marketing Society and the International Federation of the Periodical Press.

4. Modern slavery

The Modern Slavery Act 2015 is aimed at combating crimes of slavery and human trafficking and addresses the role which a commercial organisation has to play in preventing these crimes, both within its own business and within its supply chains. We are committed to doing business ethically and have a zero-tolerance approach to modern slavery. Future's Modern Slavery Act statement is published on our corporate website, www.futureplc.com.

5. Human rights

Future is committed to respecting human rights. We believe our business positively impacts human rights by, for example, promoting freedom of opinion and expression and facilitating the ability to seek, receive and impart information and ideas through all media and across borders. In addition, we provide a means to participate in the cultural life of the community and enjoy the arts.

As an international company, Future is also aware of the potential for adversely impacting human rights and we seek to mitigate any such effects through, for example, our efforts to combat bribery, corruption and forced labour in our business or in our supply chain.



All employees reward

In January 2018 we were delighted to receive an official accreditation confirming Future's status as a living wage employer. This resulted in a number of employees receiving a salary increase. This is based upon the cost of living and equates to almost a pound more per hour than the government set minimum wage. As a result of our significant financial performance we were also able to reward all our staff for their talent and commitment by paying out, for the first time (since introduction), the maximum amount payable under the annual profit pool scheme.

Statement of Greenhouse Gas (GHG) Emissions for the Group

Global GHG emissions in tonnes of CO₂ equivalent:

| Emissions from | | 2013 (base year) | 2018 |
|--|-------|------------------|----------------|
| | | Total | Total |
| The combustion of fuel: gas for heating and fuel; for vehicles (Scope 1) | UK | 470 | 97 |
| | US | 102 | - |
| | Total | 572 | 97 |
| The purchase of electricity: heat, steam or cooling by the Group for its own use (Scope 2) | UK | 1,310 | 331 |
| | US | 376 | 3 |
| | Total | 1,686 | 334 |
| Total Emissions (CO₂e Tonnes) | | 2,258 | 431 |
| Total Revenue | | £112.3m | £124.6m |
| Intensity Ratio (CO₂e Tonnes per £1m) | | 20.1 | 3.5 |

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The emissions sources fall within our financial statements. We do not have responsibility for any emission sources that are not included in our financial statements.

Methodology:

We have used the UK Government's Environmental Reporting Guidance. We have applied the 2018 DEFRA GHG Conversion Factor Repository to calculate the CO₂e. As a Group with only office-based activities and no manufacturing activities, under the GHG Protocol Corporate Standard, our emissions fall under Scope 1 (the combustion of fuel) and Scope 2 (the purchase of electricity).

Notes:

- Scope 1 – Time periods for combustion of gas for heating – figures for all offices are for the financial year. All figures are estimates based on % share of office space within leased buildings except for UK Bath offices which are actual consumption where whole buildings or floors within buildings have their own meters.
- Scope 1 – Time periods for combustion of fuel in vehicles – only the UK operates leased vehicles and figures for the consumption of fuel are based on averaged annual mileage.
- Scope 2 – Time periods for consumption of electricity – figures for the UK and US offices are for the financial year. Figures for the Australian office are pro-rated from typical (August 2018) monthly consumption. All figures are estimates based on % share of office space within leased buildings except for certain US and UK offices which are actual consumption where whole buildings or floors within buildings have their own meters.
- Scope 2 – Electricity Sources – No electricity was purchased from owned or controlled sources.
- Fugitive Emissions – the Group benefits from air conditioning in some of its leasehold buildings. The scale of emissions from leaks is very small (estimated to be less than 0.5% of total emissions) and is deemed to be immaterial to overall reporting and trends.
- Base Year - Financial year 2013 is our baseline year.
- Intensity Ratio - we are using 'Tonnes per £1million revenue'.
- We have maintained our focus on other environmental impacts, particularly initiatives to reduce waste and to continue sourcing all our magazine paper from sustainable forestry.



Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary

Financial review:

“

The financial results demonstrate that the Group has had a fantastic year and achieved significant growth. There are exciting times ahead as the business builds scale and increasing profitability.

”

Financial summary – An excellent year

The financial review is based primarily on a comparison of results for the year ended 30 September 2018 with those for the year ended 30 September 2017. Unless otherwise stated, change percentages relate to a comparison of these two periods.

| | 2018 | 2017 £m |
|----------------------------------|--------------|------------|
| Revenue | 124.6 | 84.4 |
| Adjusted EBITDA | 20.7 | 11.0 |
| Depreciation | (0.6) | (0.3) |
| Adjusted amortisation | (1.6) | (1.8) |
| Adjusted operating profit | 18.5 | 8.9 |
| Adjusted net finance costs | (1.1) | (0.6) |
| Adjusted profit before tax | 17.4 | 8.3 |
| Operating profit | 5.3 | 0.8 |
| Profit before tax | 4.4 | 0.2 |
| Earnings per share (p)* | 5.1 | 3.7 |
| Adjusted earnings per share (p)* | 26.2 | 19.7 |

*2017 figures have been restated to reflect the bonus element of the 2018 rights issue

Items described as 'Adjusted' in the table above exclude the items detailed as 'Adjusting' in the reconciliation below. Adjusted items are a non-GAAP measure. For further details refer to the section on presentation of non-statutory measures.

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

| | 2018 £m | 2017 £m |
|--|--------------|------------|
| Adjusted operating profit | 18.5 | 8.9 |
| Adjusted net finance costs | (1.1) | (0.6) |
| Adjusted profit before tax | 17.4 | 8.3 |
| Adjusting items: | | |
| Share-based payments (including related social security costs) | (3.1) | (2.1) |
| Exceptional items | (4.4) | (3.7) |
| Amortisation of acquired intangibles | (5.7) | (2.3) |
| Non-trading foreign exchange gain | 0.2 | - |
| Profit before tax | 4.4 | 0.2 |

Revenue

Group revenue was up 48% to £124.6m (2017: £84.4m), which was achieved both organically (increase of 11%) and through acquisition. UK revenue was up 38% to £92.5m (2017: £67.2m) with US revenue up 109% to £39.9m (2017: £19.1m).

Media

Media revenue increased by 88% to £64.2m (2017: £34.1m), driven primarily by the Group's fast-growing revenue streams, eCommerce and digital display advertising, and through acquisition. On an underlying basis, excluding the impact of 2018 and home interest acquisitions, Media revenues increased by 40%.

In the UK, Media revenues increased by 100% to £42.3m (2017: £21.1m), driven by eCommerce growth of 80% to £8.8m (2017: £4.9m) and events growth of 130% to £12.0m (2017: £5.2m). The US also experienced exceptional growth, up 102% to £29.7m (2017: £14.7m), with eCommerce revenues being the biggest driver of this growth – up 134% to £9.4m (2017: £4.0m).

Magazine

Magazine revenue increased by 20% to £60.4m (2017: £50.3m) largely driven by acquisitions. On an underlying basis, excluding the impact of 2018 and home interest acquisitions, Magazine revenues declined 8% to £45.7m.

The division is constantly looking for ways to innovate and published 524 bookazines in the year with revenue totalling £9.3m.

Adjusted EBITDA and operating profit

The Group's adjusted EBITDA was up 88% to £20.7m (2017: £11.0m), of which £15.3m (2017: £6.9m) was UK and £5.4m (2017: £4.1m) was US. Operating profit increased by £4.5m to £5.3m (2017: £0.8m).

Adjusted operating margin increased to 15% (2017: 11%) and gross profit margin increased to 44% (2017: 40%) as the Group benefited from strong growth in higher margin Media revenues.

Future's headcount increased to just over 1,000 from 634 employees as additional staff joined the Group through the various acquisitions. Back office operations are centralised in the UK, which enables the Group to take advantage of economies of scale and commonality of processes. The NewBay and Haymarket titles acquisitions have been fully integrated into the Group and the integration of the Purch acquisition is in the early stages but progressing in line with expectations. Integration of the Australian brands acquired from Nextmedia is also on track.

Exceptional items and impairment

Exceptional costs were £4.4m (2017: £3.7m). These are mainly acquisition-related, with deal fees and subsequent integration-related activity in respect of the acquisitions of NewBay, the Haymarket titles and Purch totalling £4.3m. Vacant property, other restructuring and transformation-related activity make up the balance of exceptional items.

Net finance costs

Net finance costs increased to £0.9m (2017: £0.6m) reflecting higher interest costs as the Group funded the acquisitions of the Haymarket titles and NewBay through new and existing bank facilities.

The Group's adjusted pre-tax profit was £17.4m (2017: £8.3m) and reported pre-tax profit was £4.4m (2017: £0.2m) reflecting significantly improved levels of profitability.

Taxation

The tax charge for the year amounted to £1.5m (2017: credit of £1.4m), comprising a current tax charge of £1.9m (2017: £0.8m) and a deferred tax credit of £0.4m (2017: £2.2m) predominantly related to the recognition of further historic US losses (as we now expect to generate sufficient profits in the US to utilise them), acquired intangible assets and share schemes. The current tax charge mainly arises in the UK where the standard rate of corporation tax is 19%.

The Group has also now fully repaid the HMRC settlement agreement following the final £2m bullet payment in June 2018.

Earnings per share

| | 2018 | 2017 *restated |
|---------------------------------|------|-------------------|
| Basic earnings per share (p) | 5.1 | 3.7 |
| Adjusted earnings per share (p) | 26.2 | 19.7 |

* 2017 figures have been restated to reflect the bonus element of the 2018 rights issue

Adjusted earnings per share is based on the profit after taxation which is then adjusted to exclude share-based payments (including related social security costs), exceptional items, amortisation of acquired intangible assets, impairment of intangible assets, non-trading foreign exchange and related tax effects.

The adjusted profit after tax amounted to £14.9m (2017: £8.6m) and the weighted average number of shares in issue was 56.9m (2017 restated: 43.6m), the increase reflecting the impact of the rights issue that was completed in August 2018 to fund the Purch acquisition.

Dividend

The Board is recommending a final dividend of 0.5p per share for the year ended 30 September 2018, payable on 15 February 2019 to all shareholders on the register at close of business on 18 January 2019.

Cash flow and net debt

Net debt at 30 September 2018 was £17.8m (2017: £10.0m) reflecting the additional draw-down of debt to fund both the acquisitions of NewBay and the Haymarket titles.

During the year, there was a cash inflow from operations before exceptional items of £19.8m (2017: £17.1m) reflecting the significant improvement in the Group's trading performance and the significant focus on improving the Group's working capital cycle.

A reconciliation of adjusted operating cash inflow to cash inflow from operations is included below:

| | 2018 £m | 2017 £m |
|---|------------|------------|
| Adjusted operating cash inflow | 19.8 | 17.1 |
| Cash flows related to exceptional items | (5.1) | (5.1) |
| Cash inflow from operations | 14.7 | 12.0 |

Financial review

Other significant movements in cash flows include exceptional payments of £5.1m (2017: £5.1m), £2.4m (2017: £1.8m) of capital expenditure, net proceeds from issuing shares (via a rights issue) of £102.3m, draw-down of bank loans (net of repayments and arrangement fees) of £4.0m and payments of £117.1m (net of cash acquired) to fund acquisitions. Foreign exchange and other movements accounted for the balance of cash flows.

The Group continued to be extremely cash generative with adjusted cash conversion of 96% (2017: 155%) and adjusted free cash flow increasing to £17.4m (2017: £15.3m) reflecting the ongoing efficient cash management by the Group.

The Group remains a very low capital intensive business with capital expenditure as a percentage of adjusted EBITDA of only 12%.

Credit facility

The Group had available facilities of £28.2m at 30 September 2018. This includes £5.4m of facilities which were taken out during 2018 to part-fund the NewBay acquisition which are due for repayment in July 2019, with the remainder expiring in June 2021. Further details of these facilities are included within note 17 to the financial statements.

Going concern

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 30 September 2018.

Key performance indicators (KPIs)

Management uses a number of KPIs to measure the Group's operational and financial performance, the most important of which are set out on page 2.

Conclusion

The Group has completed transformational acquisitions during the last 12 months and moves into a new exciting phase of its development. The Group is well placed to achieve its ambitions for 2019 and beyond.

The Strategic Report (which comprises Group overview, Chairman's Statement, Future Playbook, Loyal communities - our verticals, Chief Executive's review, Risks and uncertainties and Corporate responsibility sections) and the Financial Review are approved by the Board of Directors and signed on its behalf by:



Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
12 December 2018





Anna Calvi shot for
Guitarist Magazine.

Strong leadership

Board of Directors



Richard Huntingford
Independent Non-Executive
Chairman



Richard was appointed to the Board on 1 December 2017 and took over as Chairman on 1 February 2018. Richard had a 20-year career at Chrysalis plc and was CEO from 2000 to 2007, following which he was Chairman of Virgin Radio until its sale in 2008. More recently, he has been Non-Executive Chairman of Wireless Group plc (formerly UTV Media plc) from 2012 to 2016 and Non-Executive Director/Chairman of Creston plc from 2011 to 2016. He is currently Chairman of Crown Place VCT plc and Non-Executive Director of JP Morgan Mid Cap Investment Trust plc and The Bankers Investment Trust plc. He is a chartered accountant, having qualified with KPMG.



Zillah Byng-Thorne
Chief Executive



Zillah was appointed as Chief Executive on 1 April 2014. She joined Future in November 2013 as Chief Financial Officer and Company Secretary. Prior to her appointment to the Board, she was Chief Financial Officer of Trader Media Group (owner of Auto Trader), from 2009 to 2012, and interim Chief Executive Officer from 2012 to 2013. Before this, Zillah was Commercial Director and Chief Financial Officer at Fitness First Limited and Chief Financial Officer of the Thresher Group. Zillah is currently a Non-Executive Director of Gocompare.com Group plc and PaddyPowerBetfair plc. She is a chartered management account (CIMA), and qualified treasurer (ACT). She has a MA in Management from Glasgow University and a MSc in Behavioural Change from Henley Business School.



Penny Ladkin-Brand
Chief Financial Officer and
Company Secretary

Penny was appointed as Chief Financial Officer and Company Secretary on 3 August 2015, having joined the business as interim Chief Financial Officer in June 2015. Prior to this she was Commercial Director at AutoTrader Group plc. Penny has a background in digital media and expertise in digital monetisation models. Penny is currently a Non-Executive Director of Next Fifteen Communications Group plc. She is a chartered accountant, having qualified with PwC. She has a BA Honours in Classics from Oxford University and is also a Trustee of The Media Trust.



Hugo Drayton
Independent Non-Executive



Hugo was appointed as a Non-Executive Director of Future plc on 1 December 2014. He is CEO of the advertising technology business Inskin Media. Prior to Inskin, he spent two years as CEO of behavioural targeting specialist, Phorm, following two years as European Managing Director of Advertising.com. He spent 10 years at The Telegraph Group, as Group Managing Director, and previously as Marketing & New Media Director. Hugo is a trustee of the British Skin Foundation, chaired the British Internet Publishers' Alliance, and is a regular contributor to trade press and publishing conferences. Hugo is Chairman of the Remuneration Committee and Senior Independent Director.



Alan Newman
Independent Non-Executive



Alan was appointed as a Non-Executive Director and Chairman of the Audit Committee of Future plc on 6 February 2018. Alan was Chief Financial Officer of YouGov plc from 2008 to 2017 and before that was a Partner at Ernst & Young Business Advisory Services and at KPMG Consulting, where he worked mainly with clients in the media, telecommunications and technology sectors. He previously held corporate management roles at Pearson plc and MAI plc (now United Business Media). Alan is Chairman of the Freud Museum London. He is a chartered accountant and has an MA in Modern Languages (French and Spanish) from Cambridge University.



Rob Hattrell
Independent Non-Executive



Rob was appointed as a Non-Executive Director on 1 October 2018 and is Vice President of eBay UK where he leads one of eBay's strongest markets worldwide. Previously at Tesco, Rob was most recently responsible for the supermarket's General Merchandise business across the UK and Central Europe. He has also held the position of Partner in the global retail practice at Accenture. Rob graduated from Oxford University with a degree in Geography.

Richard Huntingford was appointed to the Board as an independent Non-Executive Director on 1 December 2017 and succeeded Peter Allen as Chairman in February 2018. Alan Newman was appointed to the Board as an independent Non-Executive Director on 6 February 2018. Rob Hattrell was also appointed as an independent Non-Executive Director on 1 October 2018. James Hanbury stepped down as Deputy Chairman on 30 September 2018. Hugo Drayton was appointed Senior Independent Director in October 2018. See page 47 for further detail.

▲ Member of the
Nomination
Committee

● Member of the
Remuneration
Committee

■ Member of
the Audit
Committee

Directors' report

For the year ended
30 September 2018

Directors' report

The Directors are pleased to present their annual report for the year ended 30 September 2018. The information presented in this Directors' report relates to Future plc and its subsidiaries and the Chairman's statement, Chief Executive's review, Financial review and Corporate responsibility statement are each incorporated by reference into, and form part of, this Directors' report.

Principal activity

The principal activity of the Company and its subsidiaries (the 'Group') is the publishing of special-interest content, notably in the areas of: technology; games and entertainment; music; photography and design; hobbies; home interest and B2B sectors, across a range of international locations.

The Company is a public company limited by shares listed on the London Stock Exchange and is incorporated and domiciled in the UK. It has subsidiaries operating in the UK, the US and Australia.

Business review

The purpose of the Annual Report is to provide information to the shareholders of the Company.

Reviews of the Group's activities during the year, the position at the year-end and developments since then are set out in the Chairman's statement, the Chief Executive's review, the Corporate Governance report and the Financial review. The Financial review and Strategic report explain financial performance, KPIs, the position at the year-end, any post balance sheet events, any likely future developments and a description of the principal risks and uncertainties facing the Group and how these are managed.

The Annual Report 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. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update those forward-looking statements.

Result of 2018 Annual General Meeting

All resolutions put to the Annual General Meeting held on 5 February 2018 were passed unanimously on a show of hands. Shareholders holding more than 71% of all issued shares submitted proxy votes and of those, more than 83% of all proxy votes cast were in favour of all resolutions.

Reported financial results

The audited financial statements for the year ended 30 September 2018 are set out on pages 72 to 106. Details of the Group's results are set out in the consolidated income statement on page 72 and in the notes to the financial statements on pages 83 to 106.

Dividends

The Board's policy is that dividends should be covered at least four times by adjusted earnings per share and free cashflow. The

Significant shareholdings

At 12 December 2018, the Company had been notified of the following significant interests in its Ordinary shares:

| Shareholder | Number of shares | Percentage of issued share capital |
|--|------------------|------------------------------------|
| Aberforth Partners | 8,869,259 | 10.84% |
| Canaccord Genuity Wealth Management (Inst) | 8,652,196 | 10.57% |
| Invesco | 8,125,722 | 9.93% |
| Slater Investments | 6,795,250 | 8.30% |
| Merian Global Investors | 4,882,392 | 5.97% |
| AXA Framlington Investment Managers | 4,427,759 | 5.41% |
| BlackRock | 4,098,540 | 5.01% |
| Herald Investment Management | 2,485,082 | 3.04% |
| | 48,336,200 | 59.06% |
| Total number of shares in issue | 81,849,101 | 100% |

Directors' shareholdings (audited)

| Directors in office at 30 September 2018 | Restated Balance as at 30 September 2017 | Purchases during the year | Share scheme exercises during the year | Sales during the year | Balance as at 30 September 2018 (or date of resignation if earlier) |
|--|--|------------------------------|--|--------------------------|---|
| Executive² | | | | | |
| Zillah Byng-Thorne ³ | 108,255 | 131,811 | 222,689 | (193,000) | 269,755 ¹⁰ |
| Penny Ladkin-Brand ⁴ | 31,780 | 52,720 | 167,652 | (55,000) | 197,152 ¹⁰ |
| Non-executive | | | | | |
| Richard Huntingford ⁵ | - | 24,500 | - | - | 24,500 |
| James Hanbury ⁶ | 45,436 | 23,502 | - | - | 68,938 |
| Alan Newman ⁷ | - | 8,750 | - | - | 8,750 |
| Hugo Drayton | - | - | - | - | - |
| Peter Allen | 86,167 | - | - | - | 86,167 ⁸ |
| Manjit Wolstenholme | 16,859 | - | - | - | 16,859 ⁹ |
| Total | 288,497 | 241,283 | 390,341 | (248,000) | 672,121 |

1. All holdings are beneficial.

2. Details of the share options and awards for Executive Directors are set out on page 57. No such options or awards are granted to Non-Executive Directors.

3. On 27 November 2017, following the full vesting of the PSP award granted on 16 July 2014, Zillah Byng-Thorne received 166,667 Ordinary shares which she sold on 29 November 2017. Also on 27 November 2017, following the achievement of the 2017 Annual Bonus EBITDA target, Zillah Byng-Thorne received a bonus share award of 56,022 Ordinary shares (of which 26,333 shares were sold on 29 November 2017 to cover the tax and national insurance arising). On 20 August 2018 Zillah Byng-Thorne acquired 89,311 shares at £3.03 per share through taking up 86% of her rights following the completion of the rights issue that was announced on 18 July 2018. Max Thorne, a person closely associated with Zillah Byng-Thorne, (who held no Ordinary Shares prior to the rights issue), acquired 42,500 shares through the rights issue process on 20 August 2018 and now holds 42,500 Ordinary Shares which are included in the total for Zillah Byng-Thorne above. Share awards granted on 30 November 2015 vested in full on 23 November 2018.

4. On 27 November 2017, following the achievement of the 2017 Annual Bonus EBITDA target, Penny Ladkin-Brand received a bonus share award of 38,515 Ordinary shares. On 1 September 2018, following the vesting in full of the PSP award that was granted on 3 August 2015 Penny Ladkin-Brand received 109,856 Ordinary shares (of which she sold 55,000 on 24 September 2018 to cover the tax and national insurance arising). On 20 August 2018 Penny Ladkin-Brand acquired 46,754 shares at £3.03 per share through taking up her rights in full following the completion of the rights issue that was announced on 18 July 2018. On 20 August 2018 Mark Brand, a person closely associated with Penny Ladkin-Brand acquired 5,966 shares at £3.03 per share through taking up his rights in full following the completion of the rights issue that was announced on 18 July 2018. Mark Brand now holds 13,921 Ordinary Shares (which are included in the balance for Penny Ladkin-Brand above). Share awards granted on 30 November 2015 vested in full on 23 November 2018.

5. Richard Huntingford purchased 14,000 ordinary shares at a price of £4.93 per share on 18 July 2018 and on 20 August 2018 acquired a further 10,500 at £3.03 per share through taking up his rights in full following the completion of the rights issue that was announced on 18 July 2018.

6. On 20 August 2018 James Hanbury acquired 23,502 shares at £3.03 per share through taking up a portion of his rights following the completion of the rights issue that was announced on 18 July 2018.

7. On 20 August 2018 Alan Newman purchased 5,000 ordinary shares at a price of £4.95 per share and on 20 July 2018 a further 3,750 at £3.03 per share through taking up his rights in full following the completion of the rights issue that was announced on 18 July 2018.

8. Balance for Peter Allen is as at 1 February 2018, the date of his resignation from the Board.

9. Balance for Manjit Wolstenholme is as at 23 November 2017, the date of her resignation from the Board.

10. Since 30 September 2018 the Executive Directors have transacted in shares (following the vesting of share awards on 23 November 2018). At 12 December 2018, Zillah Byng-Thorne held 218,866 shares and Penny Ladkin-Brand held 162,112 shares.

Company's Employee Benefit Trust (EBT) waives its entitlement to any dividends. The Board is recommending a final dividend for the year of 0.5p per share.

Share capital

The Company has a single class of share capital which is divided into Ordinary shares of fifteen pence each. The rights and obligations attaching to the Company's Ordinary shares and provisions governing the appointment and replacement of, as well as the powers of, the Directors are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary. Save for restrictions that may from time to time be set out in the Company's Articles of Association or imposed by laws and regulations (including the Listing Rules of the Financial Conduct Authority), there are no restrictions on the voting rights attaching to the Ordinary shares or on the transfer of the Ordinary shares. The Articles of Association may be amended only by a special resolution of the Company's shareholders.

Details of all movements in share capital are given in note 21 on page 99. As at 30 September 2018, the number of shares in issue was 81.5 million. This represents an increase of 80% compared with the number of shares in issue as at 30 September 2017. In April 2018, 0.3 million shares were issued by the Company to part fund the acquisition of NewBay Media. In May 2018, 0.4 million shares were issued by the Company to part fund the acquisition of the titles from Haymarket. In August 2018,

34.9 million shares were issued by way of a rights issue to fund the acquisition of Purch. The balance of shares issued during the year were issued in satisfaction of employee share awards vesting or Share Incentive Plan matching share awards during the year. In June 2018 the Company's share premium account of £47.4m was cancelled by special resolution, confirmed by the High Court of Justice in July 2018.

Directors

Biographical details of the Directors holding office as at 12 December 2018 are set out on page 40.

Directors' shareholdings in the Company's share capital are set out above. No Director has any interest in any other share capital of the Company or any other Group company, nor does any Director have a material interest in any contract of significance to the Group.

Significant agreements

The provisions of the European Directive on Takeover Bids (as implemented in the UK in the Companies Act 2006) require the Company to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. In common with many other companies, the Group's bank facility (details of which are set out in note 17 on page 94) is terminable upon change of control of the Company. In common with market practice, awards under certain of the Group's

Directors' report

For the year ended
30 September 2018

long-term incentive plans (details of which are set out in the Directors' remuneration report on pages 53 to 56 and note 22 on pages 99 to 102) will vest or potentially be exchangeable into awards over a purchaser's share capital upon change of control of the Company. There is also a change of control provision in the service agreements of the two Executive Directors, exercisable within three months of a change of control by the Company or on one month's notice by the executive to expire no later than three months from the date of the change of control.

Financial instruments

Information in relation to the Group's use of financial instruments is set out in note 20 on pages 95 to 98.

Corporate governance

The Board's report on this subject is set out on pages 47 to 50.

Political contributions

No political contributions were made during either the current or prior years.

Conflicts of interest

The Board has a set of procedures to ensure that: (i) conflicts of interest are raised by Directors (and any potential Directors prior to appointment); (ii) appropriate guidelines are followed before any conflict is authorised (including ensuring that only Directors who have no interest in the matter being considered will be able to take the relevant decision and in taking the decision the Directors act in a way they consider, in good faith, will be most likely to promote the Company's success); and (iii) records are kept of conflicts of interest and authorisations. The Directors are satisfied that the Board's powers of authorisation of conflicts are operating effectively and that the procedures have been followed. The procedures and any authorisations will continue to be reviewed annually.

Corporate responsibility

The Board considers that issues of corporate responsibility are important. The Board's report, including the Group's policies on employee involvement and disability, and a statement on Greenhouse Gas Emissions for the Group, is set out on pages 31 to 34.

Annual General Meeting 2018

At the Company's twentieth Annual General Meeting, which will be held on 7 February 2019 at 10:30am at Future's London office at 1-10 Praed Mews, London, W2 1QY, a number of resolutions will be proposed. The resolutions are set out in the Notice of Annual General Meeting on pages 107 to 108 and an explanation of all proposed resolutions is provided below.

Ordinary resolution 1 – Financial statements

Shareholders will be asked to approve the financial statements of the Company for the financial year ended 30 September 2018, together with the reports of the Directors and auditors. The audited financial statements appear on pages 72 to 106.

Ordinary resolution 2 – Directors' remuneration implementation report

Shareholders will be asked to approve the Directors' remuneration implementation report for the financial year ended 30 September 2018, which is set out on pages 53 to 60.

Ordinary resolution 3 – Directors' remuneration policy report

Shareholders will be asked to approve the amendments to the Directors' remuneration policy for the three year period commencing 1 October 2016, which are proposed within the Directors' remuneration report set out on pages 61 to 64.

Ordinary resolution 4 – Declaration of a dividend

Shareholders will be asked to approve a final dividend of 0.5p per ordinary share for the year ended 30 September 2018, as recommended by the Directors. The dividend, if approved, will be payable on 15 February 2019 to shareholders on the register at the close of business on 18 January 2019.

Ordinary resolutions 5 to 10 – Election of Alan Newman and Rob Hattrell and annual re-election of other Directors

Following Alan Newman's appointment to the Board on 6 February 2018, and Rob Hattrell's appointment to the Board on 1 October 2018, they stand for election to confirm their respective appointments.

Consistent with our policy since 2004, all Directors with the exception of James Hanbury, who elected to stand down at 30 September 2018, are proposed for re-election. Biographical details of all Directors are set out on page 40.

Ordinary resolutions 11 and 12 – Auditors

A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors of the Company and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting. An explanation regarding the Board's proposal to reappoint PricewaterhouseCoopers LLP as auditors can be found on page 50 in the Corporate Governance report.

Ordinary resolution 13 – To authorise the Directors to issue and allot new Ordinary shares

Under the provisions of section 551 of the Companies Act 2006 (the "Act"), the Directors may allot and issue Ordinary shares only if authorised to do so by the Company's Articles of Association or by shareholders at a shareholders' meeting. Consistent with guidance issued by the Investment Association this resolution will, if passed, authorise the Directors to allot shares up to a maximum nominal value of £8,184,910 as follows:

(a) in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £8,184,910 which represents approximately two thirds of the Company's issued Ordinary shares (excluding treasury shares) as at 12 December 2018. This maximum is reduced by the nominal amount of any equity securities allotted under paragraph 13.2 of the Notice of AGM; and

(b) in any other case, equity securities up to a maximum nominal amount of £4,092,455 which represents just under one third of the Company's issued Ordinary shares as at 12 December 2018. This maximum is reduced by the nominal amount of any equity securities allotted under paragraph 13.1 of the Notice of AGM in excess of £4,092,455. If granted, this authority would replace all previous authorities granted in this connection. The authority granted by this resolution will expire on 6 May 2020 or, if earlier, following the conclusion of the next AGM of the Company. If the Directors exercise the authority granted under paragraph 13.1 of the Notice of AGM, they will all stand for re-election at the following AGM.

The Directors shall exercise this authority in connection with exercises under share incentive schemes. In addition, there may be circumstances where it would be appropriate for the Company to issue new Ordinary shares, such as an acquisition where it might be appropriate for the consideration to be settled in whole, or in part, by the issue of new Ordinary shares. The Company does not hold any shares in treasury.

Ordinary resolution 14 – Approval of political donations

It remains the policy of the Company not to make political donations or to incur political expenditure, as those expressions are normally understood. However, following broader definitions introduced by the Act, the Directors continue to propose a resolution designed to avoid inadvertent infringement of these definitions.

The Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any 12-month period, and for any political expenditure, subject to limited exceptions.

The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could also include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or to influence support for any particular political party.

Special resolution 15 – Disapplication of statutory pre-emption rights

Resolution 15 will, if passed, authorise the Directors in certain circumstances to allot equity securities (as defined by section 560 of the Act) or sell shares for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £613,868 representing approximately 5% of the nominal value of the issued Ordinary share capital of the Company as at 12 December 2018 being the latest practicable date before publication of the Notice of AGM. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 6 May 2020, whichever is the earlier.

The figure of 5% reflects the Pre-Emption Group's Statement of Principles for the disapplication of pre-emption rights and the Directors will have due regard to the Principles in relation to the exercise of this authority.

Special resolution 16 – Additional disapplication of pre-emption rights

This resolution seeks a further power pursuant to the authority granted by resolution 13 to allot equity securities (as defined by section 560 of the Act) or sell shares for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings) up to a maximum nominal amount of £613,868, representing approximately 5% of the nominal value of the issued Ordinary share capital of the Company as at 12 December 2018, being the latest practicable date before publication of the Notice of AGM. This is in addition to the 5% referred to in resolution 15 above and, unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 6 May 2020, whichever is the earlier.

The Directors will have due regard to the Pre-Emption Group's Statement of Principles in relation to the exercise of this authority and confirm they intend to use this power only where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the most recent Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Special resolution 17 – General meetings on 14 days' notice

Notice periods for AGMs must give at least 21 days' clear notice. For other general meetings, the old minimum notice period of 14 days was increased to 21 days by the Companies (Shareholders' Rights) Regulations 2009, unless shareholders approve a shorter period of at least 14 clear days. In the interests of greater efficiency, resolution 17 seeks to renew approval for notice periods of at least 14 clear days.

Action to be taken

A form of proxy is included with this Annual Report for use in connection with the Annual General Meeting. Please complete and return the form in accordance with the instructions printed on it to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, no later than 10:30am on 5th February 2019. The return of the form of proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so. Further information about the AGM, including about electronic appointment of proxies, is provided on pages 109 to 111.

Recommendations

The Board believes that each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all of the resolutions proposed, as they intend to do in respect of their own beneficial holdings.

Annual General Meeting procedures and result

As in previous years, the Company will: (a) indicate the level of proxies lodged on each resolution; (b) announce the results of voting to the London Stock Exchange; and (c) post the results of voting on our corporate website, www.futureplc.com.

Directors' report

For the year ended
30 September 2018

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Board of Directors section on page 40, confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

- the Directors' report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Approved by the Board of Directors and signed on its behalf by:



Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
12 December 2018



Toshihiro Nagoshi –
chief creative officer
for Sega – shot in Japan
for EDGE magazine.

The principle of governance

Corporate governance does not mean ticking various legislative and regulatory boxes, but requires a thoughtful and considered approach from the Board down to the Company's operations to identify and apply the principles of correct corporate governance

Our approach to corporate governance

In this report, we provide detail on the role of the Board of Directors, followed by a more detailed focus on the work of each of the three key committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. Together, these give a clear insight into how we manage corporate governance principles and processes within the Group.

As a Standard Listed entity, the Group is not required to comply with the requirements of the UK Corporate Governance Code (as amended from time to time) and the Group has therefore not adopted the UK Corporate Governance Code (April 2016) (the "2016 Code"). However, the Directors continue to comply with the key Principles of the 2016 Code, and it is the Group's intention to comply with the key Principles of the new UK Corporate Governance Code (July 2018) (the "2018 Code"). A thorough review of the Group's compliance against the Provisions of the 2018 Code is underway and will be completed during the year ending 30 September 2019.

1. Board of Directors

Membership of the Board

The Board consists of two Executive and four independent Non-Executive Directors. Biographies of Directors and details of their other time commitments are set out on page 40.

Board changes during the year

Richard Huntingford was appointed to the Board as an independent Non-Executive Director on 1 December 2017 and succeeded Peter Allen as Chairman in February 2018. Richard brings over 30 years of media experience to the Board. Very sadly, the Group's senior independent Non-Executive Director, Manjit Wolstenholme, passed away unexpectedly in November 2017.

Alan Newman was appointed as an independent Non-Executive Director to the Board on 6 February 2018 and brings with him significant media and PLC experience. Rob Hattrell was also appointed as an independent Non-Executive on 1 October 2018 and adds significant eCommerce experience to the Board.

Following Disruptive Capital Investments Limited's shareholding falling below 10% its right to have a Board representative lapsed and as a result James Hanbury stepped down as Deputy Chairman on 30 September 2018. James has made a significant contribution since joining the Board following the acquisition of Imagine in October 2016.

Hugo Drayton was appointed senior independent Director in October 2018.

There were no other changes to the Board during the year ended 30 September 2018.

Role of the Non-Executive Directors

The Non-Executives play a critical role on the Board in overseeing and scrutinising the running of the business and in ensuring that corporate governance remains at the top of the agenda.

The Non-Executive Directors all serve three-year terms, terminable by either party on three months' notice at any time and subject to their election and annual re-election or removal by shareholders. Although annual re-election is not a requirement for Future, we believe it is the best way to ensure Non-Executives are directly accountable to shareholders.

All of the Non-Executive Directors serving at the date of this report are considered to be independent by the Board. There is a genuine mix of views and insights, as well as experience. Each Non-Executive Director is expected to commit 20 days a year to their role to allow for preparation for, and attendance at, Board and Committee meetings and keeping in touch with the senior management team, shareholders and other stakeholders.

The Board reviews the other commitments and Board roles held by the Non-Executive Directors to ensure that they are able to fulfil their obligations to the Company. In this regard, it should be noted that the majority of Richard Huntingford's other commitments are at investment trusts.

Roles of the Chairman and Chief Executive

The duties and responsibilities of the Board are effectively divided so that the Chairman leads the Board and the Chief Executive leads the business.

Board meetings

The Board had seven scheduled meetings during the financial year and attendance is summarised opposite. The Board had a further seven unscheduled telephone meetings to discuss and approve aspects of the acquisitions made during the year and also to finalise the 2017 annual results, during which a sufficient quorum of Directors were present.

All Directors are aware of the need to be available and there is a clear contact process. Board meetings are sometimes preceded by an informal dinner where Board Directors can meet with, and discuss business issues with, the Group's senior management team.

There is a regular and comprehensive exchange of information between meetings to ensure Board members are well informed to participate effectively in meetings. Directors receive a Board pack before each meeting with minutes of the previous meeting, all papers for agenda items, a report from the Company Secretary summarising any key legal issues and providing any regulatory/legislative updates, and a summary of share ownership and recent share dealing. Similar packs are provided for all Committee meetings. Between meetings, the Board receives a monthly Board report written by the Executive Directors which summarises financial and operational performance and provides updates on key programmes within the business.

There is a written schedule of matters reserved for the Board which sets out those matters that require Board approval including setting strategy, approving budgets and financial statements and setting up policies. It was noted that 45 matters had been considered by the Board during the year. The schedule is available on the Company's website at www.futureplc.com. The Board delegates day-to-day operational matters to the Group's senior management team.

Board meetings

| Director | Attendance (7 scheduled meetings) |
|--|--------------------------------------|
| Peter Allen (resigned 1 February 2018) | 2 of 2 |
| Richard Huntingford (appointed 1 December 2017) | 5 of 5 |
| Zillah Byng-Thorne | 7 of 7 |
| Manjit Wolstenholme (resigned 23 November 2017) | 2 of 2 |
| Hugo Drayton | 7 of 7 |
| Penny Ladkin-Brand | 7 of 7 |
| James Hanbury (resigned 30 September 2018) | 7 of 7 |
| Alan Newman (appointed 6 February 2018) | 4 of 4 |

1. Manjit Wolstenholme resigned from the Board on 23 November 2017 and Peter Allen resigned from the Board on 1 February 2018. Richard Huntingford joined the Board on 1 December 2017 and took over as Chairman on 1 February 2018. Alan Newman joined the Board on 6 February 2018 and James Hanbury resigned from the Board on 30 September 2018.

Board decisions are made unanimously whenever possible, but can be made by majority. If Directors have concerns that cannot be resolved about the running of the Company or a proposed action, their concerns are recorded in the minutes. No such concerns arose in the year. The Board regularly appoints a sub-committee consisting of at least two Directors in order to finalise and approve those matters that have been approved in principle by the Board, subject to final amendments only. A permanent sub-committee consisting of at least two Directors exists to approve the issue and allotment of new shares in satisfaction of employee share schemes.

The Board has a number of nominated advisers (as listed on page 113). During the last financial year meetings were regularly held with key advisers to keep them aware of issues, and PricewaterhouseCoopers LLP attended Audit Committee meetings and briefings with members of the Executive and senior finance teams.

Advice and support

All Directors have access to the Company Secretary who can advise them on issues of governance, best practice and any other legislative or regulatory matters. The appointment and removal of the Company Secretary is a Board decision. The Directors may also take independent professional advice at

the Company's expense provided that they give notice to the Chairman. No such advice was sought during 2018. The Company maintains appropriate insurance for its Directors.

Effective Development

Training and induction

The Board's training and development policy requires that all new Directors should receive appropriate induction on joining the Board, both in respect of the Group's activities as a whole and of each operating company individually. Ongoing training for Directors is available as appropriate whether by presentations to the Board by senior management or more formally where individual Directors request training on specific issues. The training and development needs of each individual Director are assessed and discussed as part of the annual Board performance evaluation process. The Board encourages appropriate training, and regular updates and refresher sessions are provided by the Company Secretary and the Company's legal advisers and auditors, to inform the Board or relevant Committees of important changes in legislation, regulation and best practice.

Performance evaluation

The Directors completed a detailed Board performance evaluation questionnaire as part of the annual performance evaluation process. Each questionnaire was analysed and the Chairman discussed the Board's performance during the year and any specific requirements for training and development with each Director. The Board considers this exercise to be of significant value in ensuring a functional and effective Board and Committees.

Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern. After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

Financial covenant compliance

Key covenants are tested quarterly and the Group was in full compliance with all covenants at all testing dates during the year. The Group has covenants in respect of net debt/bank EBITDA and bank EBITDA/interest. Further details are included within note 17 on pages 94 and 95.

Risk management and internal controls

Details of the principal risks and the Group's approach to managing them are set out on pages 28 to 30. The Board

Summary of performance evaluation

| Objectives for 2018 | Steps taken during 2018 |
|---|---|
| Support management in developing the executive team and succession planning in respect of key roles | A review of executive team undertaken and plans for succession / cover in an emergency detailed where key dependencies highlighted. Further work to be undertaken in this area in 2019. |
| Support management grow the business through acquisition | Significant acquisitions completed in the year including NewBay, the Haymarket titles and Purch. |

Corporate governance report

conducted an annual review of financial, operational, legal and compliance risks with the assistance of members of the Group legal and finance teams and the Executive Committee to ensure that there is a sound system of internal controls in place and that these are sufficient to manage (rather than eliminate) those risks effectively. No significant failings or weaknesses were identified as part of this review.

The internal controls that are in place to ensure effective risk management are structured to ensure a timely flow of information within the Group and a clear structure of delegated authority and responsibility. The main features of the Group's internal control and risk management systems are explained further in the following paragraphs.

The Board reviewed and endorsed a summary of the Group's internal control framework during the year.

The Group finance team manages the financial reporting process ensuring that there is appropriate control and review of the financial information including the production of the consolidated financial statements. Group finance is supported by commercial finance directors who have the responsibility and accountability to provide information in accordance with the Group's policies and procedures.

The Executive Committee holds monthly meetings with senior management in order to provide a proper opportunity for financial results and other business and operational issues to be explored and addressed in a timely manner.

Internal audit

The Audit Committee and the Board have again during 2018 reconsidered whether there is a need for an internal audit function. It was concluded that, whilst an independent internal audit department with the necessary technical skills is not currently justified, the Committee should continue to review this subject each year.

Whistle-blowing and anti-bribery policies

As part of its internal controls, the Group has whistle-blowing and anti-bribery policies which are updated regularly and published on the Group's intranet to encourage employees to report, in good faith, any genuine suspicions of fraud, bribery or malpractice in order to identify any problems within the Group at an early stage. The whistle-blowing policy is also designed to ensure that any employee who raises a genuine concern is protected.

Relations with shareholders/communication

We aim to have an open relationship with our shareholders, and shareholders can find up-to-date information on Group activities on the Company's website at www.futureplc.com. There is a specific Investor Relations section on that site which includes links to all of the Group's public announcements made via the Regulatory News Service of the London Stock Exchange including the Company's latest annual and interim results.

All Directors are available to meet shareholders at the AGM or on request by contacting the Chairman or Company Secretary. The Executive Directors hold a series of meetings presenting the interim and annual results to those shareholders who request a meeting in order to update them on the progress of the business and gauge their views following the analyst presentations of the results.

In order that all Directors are aware of the views of shareholders, Board packs include a note of views as expressed by shareholders during meetings held with Directors or as reported to Directors through the Company's brokers, together with copies of analysts' notes, press articles and other relevant information.

Audit Committee

| Member | Attendance (3 scheduled meetings) |
|---|--------------------------------------|
| Manjit Wolstenholme (Chairman to 23 November 2017) ^{1,2} | 1 of 1 |
| Richard Huntingford (Acting Chairman from 1 December 2017 to 6 February 2018) | 2 of 2 |
| Alan Newman (Chairman from 6 February 2018) | 2 of 2 |
| Peter Allen ² | 1 of 1 |
| Hugo Drayton | 3 of 3 |

1. As the Chairman of the Committee until 23 November 2017, Manjit Wolstenholme had recent and relevant financial experience. Richard Huntingford served as acting Chairman from 1 December 2017 until he was replaced by Alan Newman on 6 February 2018. Both Richard and Alan have recent, relevant financial experience.

2. Manjit Wolstenholme resigned from the Committee on 23 November 2017 and Peter Allen resigned from the Committee on 1 February 2018.

2. Audit Committee

The Audit Committee's primary objective is to provide effective financial governance and monitor the integrity of the Group's financial statements and internal controls.

The Audit Committee meets before the interim and annual results announcements and reviews the relevant financial results with the executive management team and the external auditors. The Audit Committee also meets separately for the purposes of planning the audit process, monitoring its effectiveness, reviewing the Group's relationship with the external auditors and undertaking a detailed review of the Group's internal controls and risk management systems. It considered whether the 2018 Annual Report was fair, balanced and understandable and advised the Board accordingly.

The Audit Committee carries out the functions required by rule 7.1.3 of the Disclosure and Transparency Rules.

Significant financial reporting judgements

The Audit Committee discussed the key risks and judgements with management and the auditors as part of the audit planning process in July 2018. At the same time they discussed and agreed upon appropriate levels of materiality in the context of the anticipated results for the year. As a result of those discussions an audit plan was agreed and subsequently executed.

The significant judgements considered in relation to the financial statements for the year ended 30 September 2018, which were originally identified and discussed as part of the planning process referred to above, are set out below and were addressed as follows:

1. Revenue recognition

The area of revenue which carries the most judgement is newstrade revenue (both domestic and export). Management has carefully considered the estimates of returns made in respect of newstrade revenues and the recognition of revenue on the larger advertising contracts and have concluded that they are appropriate. The estimates and judgements made have been discussed with the auditors and the Audit Committee.

2. Carrying value of goodwill and long lived assets

IAS 36 requires an impairment test to be performed for goodwill on an annual basis or where there is an indication of impairment.

Management prepared a detailed impairment assessment of both the UK and US businesses at 30 September 2018 and concluded that no impairment was required.

The key assumptions made in that assessment were as follows:

- Long term growth rate to perpetuity UK: 0%, US: 3%
- EBITDA margins assumed UK: 17.7% to 19.7% and US: 21.8% to 24.2%
- Discount rate (post-tax) 9% (both UK and US)

The Audit Committee agreed with management's conclusion that no impairment is required.

3. Exceptional items

Due to the continued restructuring of the business and significant acquisition-related activity there are a number of items considered exceptional in nature. The Audit Committee has discussed the items with the auditors and agrees with the conclusion that these items should be presented as exceptional.

4. Acquisition accounting

The Audit Committee has reviewed the acquisition accounting prepared by management, including the fair value assessments performed on the opening balance sheets for the NewBay, Purch and Haymarket titles acquisitions, and agrees with the judgements made.

5. Recognition of deferred tax asset

The Audit Committee discussed the recognition of additional deferred tax asset in respect of historic US losses with the auditors. The Committee agreed with management's conclusion that both the recognition of such an asset and the quantum recognised is appropriate given the profits that the US business is expected to generate in the future.

Audit fees

The Audit Committee has reviewed the remuneration received by PricewaterhouseCoopers LLP for non-audit work conducted during the financial year. The fees for non-audit work were higher than the audit fee due to work performed in a reporting accountant capacity in respect of the Purch Group LLC acquisition. For further details regarding fees paid, see note 3 to the financial statements on page 84.

Auditors' independence

The Audit Committee monitors the Company's safeguards against compromising the objectivity and independence of the external auditors by performing an annual review of non-audit services provided to the Group and their cost, reviewing whether the auditors believe there are any relationships that may affect their independence and obtaining written confirmation from the auditors that they are independent. The Committee has reviewed the Group's audit independence policy and is comfortable that it aligns to the Financial Reporting Council's latest guidance.

For the financial year ended 30 September 2018, the Audit Committee has conducted its review of the auditors' independence and concluded that no conflict of interest exists between PricewaterhouseCoopers LLP's audit and non-audit work, and that their involvement in non-audit matters, which (as noted above) mainly comprised of work in a reporting accountant capacity in respect of the Purch acquisition, was the most effective way of conducting the Group's business during the year.

Auditors appointment policy

The Audit Committee has reviewed its policy for appointing auditors.

On the recommendation of the Audit Committee, the Board has decided that it is in the best interests of the Company to put a resolution to shareholders that PricewaterhouseCoopers LLP, be reappointed as auditors for the forthcoming year. PricewaterhouseCoopers LLP have been the Company's auditors for 20 years, but there has been a rotation of audit partner in the current year. The resolution to appoint PricewaterhouseCoopers LLP will propose that they hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company, at a level of remuneration to be determined by the Directors.

3. Nomination Committee

Nomination Committee

| Member | Attendance (3 scheduled meetings) |
|--|--------------------------------------|
| Peter Allen ¹ | 0 of 0 |
| Manjit Wolstenholme ¹ | 0 of 0 |
| Hugo Drayton | 3 of 3 |
| James Hanbury ¹ | 3 of 3 |
| Richard Huntingford ¹ (Chairman) | 3 of 3 |
| Alan Newman ¹ | 3 of 3 |
| Zillah Byng-Thorne ¹ | 3 of 3 |

1. Manjit Wolstenholme resigned from the Committee on 23 November 2017 and Peter Allen resigned from the Committee on 1 February 2018. Richard Huntingford joined the Committee on 1 December 2017 and took over as Chairman on 1 February 2018. Alan Newman joined the Committee on 6 February 2018. Zillah Byng-Thorne joined the Committee on 1 February 2018 and James Hanbury resigned from the Committee on 30 September 2018.

Following discussion of the skills and contribution of each Director, the Nomination Committee supports the proposed re-election of all Directors standing for re-election at the 2019 AGM. In line with best practice, each Committee member seeking re-election was excluded from approving the proposal for their re-election.

4. Remuneration Committee

See page 53 in the Remuneration Report for details of Directors' meeting attendance and the role of the Committee.

Approved by the Board of Directors and signed on its behalf by:



Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
12 December 2018



Hugo Drayton
Chairman of the
Remuneration
Committee

Directors' remuneration report

“

Future has had a successful year, with adjusted EPS increasing by 33% to 26.2p per share; our remuneration policy is designed to align remuneration with shareholder interests, and to deliver long-term performance. We are confident that we can continue the recent strong growth, performance and results in this coming year.

”

Annual statement from the Chairman of the Remuneration Committee

Dear Shareholders,

I am pleased to present the remuneration report for the year ended 30 September 2018, in my new role as Chairman of the Remuneration Committee.

As required under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (SI 2013/1981) Directors' Remuneration Regulations, this report is split into three sections: this letter; an Implementation Report, setting out details of Directors' remuneration for the financial year ended 30 September 2018; and a Remuneration Policy report, setting out the Group's remuneration policy ("Policy") for Executive and Non-Executive Directors, for the three-year period from 1 October 2016.

Remuneration Policy

Future's Remuneration Policy is designed to ensure that reward for performance is competitive and appropriately aligned to the scale and market capitalisation of the Group - which has significantly increased following the acquisitions of Purch, NewBay and the titles from Haymarket in 2018. The Remuneration Policy seeks to align remuneration with shareholders' interests, based on the achievement of strategic objectives and financial performance. As a result, remuneration levels are designed to reflect the relative performance of the business for the relevant period.

Performance and Reward in 2018

The Group has had an extremely successful year: adjusted EBITDA increased 88% to £20.7m (2017: £11.0m); adjusted operating profit rose 108% to £18.5m (2017: £8.9m); and adjusted EPS increased by 33% to 26.2p per share (2017: 19.7p per share - restated for rights issue). See page 35 of the financial review section for further details of the Group's 2018 performance.

The Group has grown significantly in the past two years, with its share price experiencing rapid growth from around 120p per share at the end of 2016, to 524p, and a market cap of circa £429m (at the time of writing). We recognise that one key element of these results is due to Future's Executive Directors having developed and delivered a successful growth strategy for the Company.

In September 2018, in order to recognise the continued performance and growth of the Group, the Committee approved bonus payments at the maximum level within policy for both the CEO and CFO (at 150% and at 125% of salary, respectively) for the 2018 year. This bonus award is linked to the exceptional performance outlined above, in a year in which the Company also completed a significant fund-raise (via a rights issue) and completed a number of significant acquisitions. Given this continued, exceptional performance - and as both the CEO and CFO already hold significant shareholdings resulting from their reinvestment in the Company via the rights issue - the Committee made the decision to award the bonus in cash.

Directors' remuneration report

For the year ended
30 September 2018

Share awards granted to the CEO and CFO on 30 November 2015 vested in full on 23 November 2018. Although the original vesting date was 30 November 2018, following the Remuneration Committee meeting on 20 November 2018 the Committee applied its discretion to bring the vesting date of this award forward to 23 November 2018 in order to align the vesting with the annual results announcement. At the time that the awards were made the business was on the cusp of being cash-generative and the targets set were designed to be stretching. The adjusted EPS for the relevant measurement period was 24.2p for the Group and the net cash flow was £10.3m (after adjusting for exceptional cash flows associated with the acquisitions and rights issues made during the measurement period). This performance significantly exceeded the original targets of EPS of 22.5p (19.1p after adjustment to reflect rights issue impact) and net cashflow of £0.75m. Consequently, the Performance Share Plan (PSP) awards granted to Zillah Byng-Thorne and Penny Ladkin-Brand vested in full on 23 November 2018.

In accordance with remuneration guidelines, the Single Figure Table (included within this report) includes disclosure of any PSP awards for which performance criteria that relate to 2018 have been met in the year. Accordingly, the PSP amount in the table includes the vesting of the award detailed above in November 2018, and also 50% of the November 2016 and February 2017 awards (even though these will not vest until November 2019). The actual number of share awards vesting in the financial year was 166,667 and 129,137 for the CEO and CFO respectively, which vested on 27 November 2017 and 1 September 2018 and were included in the Single Figure Table in 2017. Excluding the impact of the unvested shares relating to 2019, the single figure number would be £2,076,000 for the CEO and £1,143,000 for the CFO.

Performance and Reward in 2019 onwards

The successful rights issue and acquisition of Purch, earlier this year, and the ongoing performance of the business has led the Committee to review and propose a number of changes to the current approach on remuneration, to bring in certain elements viewed as best practice and also to make certain adjustments to compensation potential within the current policy. One key driver for this is that the business is now larger and more complex, and that, with around half of the business in the US, the CEO now has to commit a significant amount of time to this market, including the work involved with the integration of the recent Purch acquisition. Additionally, the Board has indicated its intention to move up to a premium listing and, as a result, wanted to ensure that the latest best practice in terms of remuneration is being captured. Therefore, ensuring the right package, appropriately linked to future performance, is vital for the Executive Directors and for shareholders. Therefore the Committee is proposing changes to the Remuneration Policy to be tabled at the AGM in February 2019. The changes are subject to a binding shareholder vote and would be effective from the date of the AGM. Whilst the changes are covered in the Implementation Report and the Remuneration Policy section, I set out below the key changes. The Committee has circulated the proposals to the six largest shareholders to obtain feedback prior to tabling the proposed amendments at the AGM.

In considering our approach the following context may be helpful:

- In 2016 we took the step of making significant awards to both the CEO and CFO (PSP awards over 400% of pay); these awards are due to vest in November 2019. All performance obligations have been met with the exception of elapsed time.
- To date, both Directors have built up significant shareholdings in the business but we are conscious that there is a need to strike the right balance between long-term holding and ensuring a level of accessible reward year-on-year.

- Whilst the Company already has elements of best practice in its Deferred Annual Bonus Plan (DABS) and PSP (for example malus/clawback), it lacks a holding period post-vesting for the PSP; and there is no set policy on the element of annual bonus that should be paid in shares, or the basis for the deferral of that element of the award.

These factors, coupled with the Company's overall performance, led us to consider carefully the timing, structure and quantum of the different elements of the compensation package, from a shareholder perspective, in ensuring pay for performance, as well as from the participant's perspective. The Committee has resolved to make a number of changes within policy and propose changes to the Policy. These are summarised below.

Changes within Policy

- With effect from 1 October 2018, the salary of the CEO increased by 19%, to £475,000 (the salary of the CFO remained the same) which was determined having taken account of relevant comparator data, reflecting the significantly increased breadth and complexity of the role which requires a significant time commitment in the US, and was in line with policy with regards to not being higher than the market.
- The Committee determined to use the exceptional circumstances clause relating to PSP awards that exceed 100% of pay to make awards in November 2018 of 200% of salary to the CEO and 167% of salary to the CFO. These awards are subject to a two-year holding period that follows the three-year vesting period. The conditions of performance will be based on the last 90 days of the performance period. The targets for the maximum payout of the PSP have been set such as to be very stretching and in line with shareholder interests.

Changes to Remuneration Policy

- The annual bonus will be paid 50% in cash, 50% by way of a share award, increasing the share mix from one third and adding an additional year to the holding period, such that 50% of the bonus will now be subject to a two-year holding period.
- The maximum PSP award is increased to 200% from 100%. Any award over 150% would vest only for exceptional performance. As an example, at the present time the Committee would consider exceptional performance to be the achievement of a compound annual growth rate of 20%, although conditions attached to each award would remain at the discretion of the Committee.
- A two-year holding period will be imposed on PSP awards.
- The Committee also wishes to apply formal share ownership guidelines of 200% of salary for the CEO and CFO. Both Executive Directors already hold in excess of this requirement; however, there is currently no formal policy.

Shareholder Feedback

We believe that the Policy will incentivise the Executive Directors to deliver profitable growth in the short, medium and long term. The Remuneration Committee is committed to responding to developments in best practice. If you have any feedback in this regard I will be available at the AGM to answer any specific questions and will be available throughout the year to discuss these matters. I hope you will support the AGM resolution and approve our Annual Report on Remuneration.



Hugo Drayton
Chairman of the Remuneration Committee
12 December 2018

Implementation report

The following report provides details of Directors' remuneration for the year ended 30 September 2018. In setting remuneration for the year, the Committee applied the principles set out in the Remuneration Policy report.

Remuneration Committee

Four independent Non-Executive Directors served on the Remuneration Committee during the year to 30 September 2018: Manjit Wolstenholme chaired the Committee until 23 November 2017 and was replaced by Richard Huntingford as acting Chairman of the Committee until Hugo Drayton was appointed Chairman on 6 February 2018. Peter Allen served on the Committee until his resignation on 1 February 2018. James Hanbury served on the Committee throughout the year until his resignation on 30 September 2018. Alan Newman was appointed as a Non-Executive Director and joined the Committee on 6 February 2018. Penny Ladkin-Brand acted as Secretary to the Committee throughout the year.

Committee Meetings

| Member | 20 November 2017 | 14 May 2018 | 6 July 2018 | 25 September 2018 | Attendance at meetings |
|---------------------|------------------|-------------|-------------|-------------------|------------------------|
| Peter Allen | ✓ | - | - | - | 100% |
| Manjit Wolstenholme | ✓ | - | - | - | 100% |
| Hugo Drayton | ✓ | ✓ | ✓ | ✓ | 100% |
| James Hanbury | ✓ | ✓ | ✓ | - | 100% |
| Alan Newman | - | ✓ | ✓ | ✓ | 100% |

*Other regular attendees included the Chairman – Richard Huntingford; Remuneration Advisers – Ernst & Young; the CEO – Zillah Bing-Thorne; and the Managing Director - People & Culture who attended the meetings by invitation but who are not members. Individuals are not present when their own remuneration is discussed.

The role of the Remuneration Committee

The Committee is responsible for determining the overall remuneration policy of the Group, and in particular it is responsible for:

- Determining the appropriate basic annual salaries, incentive arrangements and terms of employment of Executive Directors.
- Making recommendations regarding Non-Executive Directors' fees.
- The level and make-up of the remuneration packages of senior managers, including bonus schemes and share-based incentives, and ensuring that remuneration policies and practices do not encourage excessive risk-taking.
- The Committee is also responsible for fixing the Chairman's remuneration and approving the terms of any new share-based incentive scheme for any employees of the Group, subject, where appropriate, to shareholder approval.

It is the Board that is responsible for determining the remuneration of Non-Executive Directors following the recommendation of the Committee as set out on pages 61 and 62.

No Director is involved in deciding his or her own remuneration. The terms of reference of the Remuneration Committee,

reviewed annually, are available on the Company's website (www.futureplc.com).

Pay and benefits

Base salary for the CEO increased to £475,000 from 1 October 2018 and will be reviewed next in 2020. The base salary of the CFO remains at £275,000.

Pension contributions and other benefits remain the same in 2019.

Performance-related bonus (Annual Bonus Scheme)

Operation of the scheme

The performance-related bonus is subject to profit-related performance criteria, although the Committee has discretion to vary the potential total maximum bonus, the weighting of the variable elements and the stretch of the targets in order to incentivise or recruit Executive Directors, provided that the total potential maximum bonus payable for any year shall not exceed 150% of salary and the bonus shall only be payable for over performance. During 2018, a profit pool bonus was again in operation for all employees across the Group, including the Executive Directors. Following the exceptional performance of the Group in 2018, in a year in which the Company also completed

Single Total Figure of Remuneration (audited)

The remuneration of the Directors is set out below:

| | Salary/fees | | Benefits ¹ | | Annual bonus ² | | PSP ³ | | Pension ⁴ | | Total | |
|--|---------------|---------------|-----------------------|---------------|---------------------------|---------------|------------------|---------------|----------------------|---------------|---------------|---------------|
| | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 | 2018 £'000 | 2017 £'000 |
| Executive Directors in office as at 30 September 2018 | | | | | | | | | | | | |
| Zillah Byng-Thorne ⁴ | 400 | 350 | 17 | 10 | 600 | 640 | 3,705 | 1,452 | 60 | 44 | 4,782 | 2,496 |
| Penny Ladkin-Brand ^{4,7} | 249 | 250 | 13 | - | 344 | 324 | 1,466 | 921 | 37 | 11 | 2,109 | 1,506 |
| Total for Executive Directors | 649 | 600 | 30 | 10 | 944 | 964 | 5,171 | 2,373 | 97 | 55 | 6,891 | 4,002 |
| Non-Executive Directors in office as at 30 September 2018 | | | | | | | | | | | | |
| Richard Huntingford ⁵ | 88 | - | - | - | - | - | - | - | - | - | 88 | - |
| Alan Newman ⁵ | 32 | - | - | - | - | - | - | - | - | - | 32 | - |
| Hugo Drayton | 47 | 40 | - | - | - | - | - | - | - | - | 47 | 40 |
| Total for Non-Executive Directors | 167 | 40 | - | - | - | - | - | - | - | - | 167 | 40 |
| Former Non-Executive Director | | | | | | | | | | | | |
| James Hanbury ⁶ | 65 | 60 | - | - | - | - | - | - | - | - | 65 | 60 |
| Peter Allen ⁶ | 40 | 95 | - | - | - | - | - | - | - | - | 40 | 95 |
| Manjit Wolstenholme ⁶ | 9 | 50 | - | - | - | - | - | - | - | - | 9 | 50 |
| Total for former Non- Executive Directors | 114 | 205 | - | - | - | - | - | - | - | - | 114 | 205 |
| Total | 930 | 845 | 30 | 10 | 944 | 964 | 5,171 | 2,373 | 97 | 55 | 7,172 | 4,247 |

Notes:

- Benefits for Executive Directors comprise principally car allowance, private health insurance and life assurance. There were no taxable expenses paid to any Director in the year.
- Details relating to the Annual Bonus Scheme are set out on pages 53 to 55.
- Details relating to the Performance Share Plan ("PSP") are set out on pages 55 to 56. The amount included in the table above in respect of Zillah Byng-Thorne relates to the PSP award granted on 30 November 2015 which vested in full on 23 November 2018, following the achievement of performance criteria over the three-year period ended 30 September 2018, and 50% of the PSP awards granted on 23 November 2016 and 2 February 2017 which will vest on 23 November 2019, following the achievement of the adjusted EBITDA target for the year ended 30 September 2018 and the share price target for the period ended 30 September 2018. The value of the award that vested in November 2018 has been calculated using the share price on the date of vesting of £5.10 and the value of the November 2016 and February 2017 awards has been calculated using the average share price for the last three months of the financial year of £4.35, as the award had not vested at the date of this report. The amount included in respect of Penny Ladkin-Brand relates to the PSP award granted on 30 November 2015 which vested in full on 23 November 2018, following the achievement of performance criteria over the three-year period ended 30 September 2018, and 50% of the PSP awards granted on 23 November 2016 and 2 February 2017 which will vest on 23 November 2019, following the achievement of the adjusted EBITDA target for the year ended 30 September 2018 and the share price target for the period ended 30 September 2018. The value of the November 2018 award has been calculated using the share price on the date of vesting of £5.10 and the value of the November 2016 and February 2017 awards has been calculated using the average share price for the last three months of the financial year of £4.35, as the award had not vested at the date of this report.
- Both Zillah Byng-Thorne and Penny Ladkin-Brand received cash supplements in lieu of pension contributions. These additional cash payments are not included in determining their entitlement to any bonus, share-based incentive or pension entitlement.
- Richard Huntingford was appointed to the Board on 1 December 2017 and Alan Newman was appointed to the Board on 6 February 2018.
- Manjit Wolstenholme resigned from the Board on 23 November 2017, Peter Allen resigned from the Board on 1 February 2018 and James Hanbury resigned from the Board on 30 September 2018.
- Penny Ladkin-Brand's remuneration is lower in the year than her base remuneration, as Penny was on maternity leave for two and a half months.

a significant fund-raise (via a rights issue) and made a number of significant acquisitions, the Committee exercised its discretion and increased the bonus payable during 2018 to 150% and 125% (up from 95%) of basic annual salary for both Zillah Byng-Thorne and Penny Ladkin-Brand respectively.

Payment of any performance-related bonus under the Annual Bonus Scheme is usually made following the announcement of the preliminary results and the conclusion of the audit in respect of the preceding financial year. In July 2018, based on performance, the Committee resolved to make a payment 'on account', which constituted 45% of salary paid to Zillah Byng-

Thorne and Penny Ladkin-Brand. This step was taken to facilitate the participation by the Directors in the rights issue (in which Penny Ladkin-Brand took up all of her rights and Zillah Byng-Thorne took up 86% of her rights) that was announced on 18 July 2018 and concluded on 20 August 2018. The balance of this bonus was paid in November 2018. The advance bonus payment was used in full to part fund their subscription for shares. Payment of any performance-related bonus is also subject to the Executive Director being in the Company's employment at the time of payment of such performance-related bonus and not having given or received notice of termination of employment and certain other events not having occurred.

Directors' remuneration report

For the year ended
30 September 2018

Performance targets

The performance-related bonus for the Executive Directors during 2018 originally comprised two elements:

- A maximum of 45% of current basic annual salary was paid under the profit pool bonus subject to the achievement of target EBITDA.
- A further 50% of current basic annual salary was payable in shares, which must be held for at least one year, subject to the achievement of target EBITDA.

The profit criteria for payment of the profit pool bonus set for 2018 was in a range from 101% to 120% target EBITDA, as follows:

- If EBITDA is at or below target EBITDA, no profit-related bonus will be payable.
- If EBITDA target is exceeded by 10% or more, 50% of the potential maximum of the profit-related bonus will be payable.
- If EBITDA target is exceeded by 20% or more, 100% of the potential maximum of the profit-related bonus will be payable.
- If EBITDA falls in between any of the above levels, a percentage of the potential maximum profit-related bonus will be payable, on a pro rata basis to the levels expressed above, in the event that the Committee determines, in its absolute discretion, that such payment is merited by the individual.

The profit criteria in respect of the shares bonus was a specified target EBITDA, which had to be met in full in order for the bonus shares to be issued.

The EBITDA target is not disclosed as this is believed to be a commercially sensitive number but it is set by the Committee to be challenging and is set by reference to the budget for the relevant financial year.

Actual performance against targets for the year

Based on EBITDA performance achieved for 2018, the targets were all met in full and following the exceptional 2018 performance and successful completion of the Purch Group LLC acquisition the Committee exercised its discretion and increased the bonus payable during 2018 to 150% and 125% of current basic annual salary (all to be paid in cash) for both the Chief Executive and the Chief Financial Officer respectively. The payment of the full bonus in cash was to recognise the performance of the Directors in leading the Group through an exceptional period and for the considerable achievements of the year.

2005 Performance Share Plan (PSP)

Operation of the scheme

The PSP has been in operation since 2005 and is designed to reward performance, usually over a three-year period in the context of performance targets which are designed to align the interests of the Executive Directors with those of the shareholders. Those targets are set out below. The maximum amount of an award in any financial year is normally 200% of basic annual salary (increased from 100% in 2018). However, in exceptional circumstances, where it is felt necessary to provide further incentive to the Executive Directors, awards of up to 400% of basic annual salary may be approved. Awards under this scheme are granted to Executive Directors and certain key employees. The PSP will expire in January 2025, following its renewal in January 2015 for a further 10 years.

Subject to the Executive Directors remaining in employment at the vesting date, awards granted shall vest subject to the following performance criteria having been met at the end of the relevant three-year measurement period.

On 21 August 2018, Future plc completed a 3 for 4 rights issue (the "rights issue") in order to fund the acquisition of Purch Group LLC. Following the completion of the rights issue the Committee resolved, as is common practice, to adjust the awards held by participants to account for the effect of the discounted rights issue. The adjustment was undertaken in line with a commonly accepted approach which takes into consideration the number of new shares created as a result of the rights issue (as disclosed in the table set out on page 99). The Committee also reviewed and where appropriate updated the performance criteria for each of the outstanding awards. Any changes to the performance criteria are detailed below. The Committee was advised by Ernst & Young LLP ("EY") during this process to ensure that any changes being made were in line with market best practice.

Performance criteria in respect of awards granted during the year ended 30 September 2018

Earnings Per Share (50% of award)

Adjusted EPS for the last financial year of the performance period (being the year ending 30 September 2020) of at least 23.0p for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at 26.0p and on a straight-line basis between these amounts.

Share price performance (50% of award)

25% of this part of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2020 is at the lower target price with full vesting of this part of the award at the upper target price level and straight-line vesting in between. If the Company's share price performance is below target, none of this element of the award will vest. Following the completion of the rights issue the Committee rebased the share price targets to adjust for the impact of the Purch acquisition and associated rights issue.

Performance criteria in respect of awards granted during the year ended 30 September 2017

EBITDA (50% of award)

25% of the award will vest if the Group's adjusted EBITDA for the year ended 30 September 2017 is at or above target. If the Group's adjusted EBITDA is below target, none of this element of the award will vest.

25% of the award will vest if the Group's adjusted EBITDA for the year ended 30 September 2018 is at or above target. If the Group's adjusted EBITDA is below target, none of this element of the award will vest.

Share price performance (50% of award)

25% of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2018 is at or above target. If the Company's share price performance is below target, none of this element of the award will vest.

25% of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2019 is at or above target. If the Company's share price performance is below target, none of this element of the award will vest.

Performance criteria in respect of awards granted between 30 November 2015 and 30 September 2016

Earnings Per Share (50% of award)

Adjusted EPS for the last financial year of the performance period of at least 18.0p for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at 22.5p and on a straight-line basis between these amounts. Following the completion of the rights issue the Committee amended the adjusted EPS targets to a range of 15.3p and 19.1p and agreed that the calculation of this performance target would be adjusted to exclude the impact of the Purch acquisition and associated rights issue on earnings.

Net Cash Flow (50% of award)

Net Cash Flow for the last financial year of the performance period of at least £(0.25)m for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at £0.75m and on a straight-line basis between these amounts. Following the completion of the rights issue the Committee agreed that the calculation of this award would be adjusted to exclude the impact of any cash flows arising from the Purch acquisition and associated rights issue on Net Cash Flow.

Performance against targets in respect of the awards granted between 30 November 2015 and 30 September 2016

The adjusted EPS for the relevant measurement period was 24.2p for the Group and the net cash flow was £10.3m (after making adjustment to remove the impact of Purch and the rights issue, adjusting for exceptional cashflows and cashflows associated with the acquisitions made during the measurement period). Consequently the PSP awards granted to Zillah Byng-Thorne and Penny Ladkin-Brand vested in full on 23 November 2018.

Performance criteria in respect of awards granted between 16 July 2014 and 29 November 2015

In July 2017, the Remuneration Committee exercised its discretion to change the performance criteria in respect of the award granted to Zillah Byng-Thorne in July 2014 from TSR performance

and EPS growth to absolute EPS and net cash flow in order to align the performance criteria for awards made to the Executive Directors. The Committee also extended the vesting date from 16 July 2017 to 27 November 2017 in order to align with the other Executive Directors. The performance criteria are as follows:

Earnings Per Share (50% of award)

Adjusted EPS for the last financial year of the performance period of at least 15.0p for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at 21.0p and on a straight-line basis between these amounts.

Net Cash Flow (50% of award)

Net Cash Flow for the last financial year of the performance period of at least £0.25m for this part of the award to vest (at this level the vested amount is 25% of this part of the award), with full vesting at £1.25m and on a straight-line basis between these amounts.

Performance against targets in respect of the awards granted on 16 July 2014 and 2 August 2015

The adjusted diluted EPS for the relevant measurement period was 21.0p for the Group and the net cash flow was £8.9m (after making adjustments for net debt acquired with Imagine and debt drawn down to fund the acquisition of home interest). Consequently, the PSP award granted to Zillah Byng-Thorne on 16 July 2014 vested in full on 27 November 2017 and the PSP award granted to Penny Ladkin-Brand on 3 August 2015 vested in full on 1 September 2018. The Committee exercised its discretion to extend the vesting period for the PSP award granted to Penny Ladkin-Brand on 3 August 2015 to 1 September 2018 (from 3 August 2018) in order to avoid the vesting of the award prior to the completion of the rights issue.

Non-Executive Directors' remuneration

Non-Executive Directors do not participate in any of the Company's share incentive arrangements, nor do they receive any benefits. Their fees are reviewed every three years. The Chairman's fees are set by the Committee, and those for the Non-Executive Directors are set by the Board as a whole.

Share incentives awarded during the year (audited)

PSP & DABS Grants

| | Award | Date of award ² | % salary | Value (£) | % vesting at min performance ^{3,4} | No. shares awarded ⁵ | Performance period |
|---------------------------------|------------------|----------------------------|----------|----------------------|---|---------------------------------|------------------------------------|
| Zillah Byng-Thorne | PSP ³ | 24 November 2017 | 100% | 400,000 ¹ | 62.5% | 134,345 ⁵ | 1 October 2017 – 30 September 2020 |
| Penny Ladkin-Brand | PSP ³ | 24 November 2017 | 100% | 275,000 ¹ | 62.5% | 92,363 ⁵ | 1 October 2017 – 30 September 2020 |
| Zillah Byng-Thorne ⁶ | DABS | 24 November 2017 | 50% | 200,000 | 100% | 56,022 | 1 October 2016 – 30 September 2017 |
| Penny Ladkin-Brand ⁶ | DABS | 24 November 2017 | 50% | 137,500 | 100% | 38,515 | 1 October 2016 – 30 September 2017 |

Notes:

- The value of the PSP awards were calculated using the share price at the date of grant, which was 350p per share.
- The PSP awards are exercisable at nil value.
- The performance conditions attached to the grant of these awards are the same as set out on pages 53 to 55.
- The percentage vesting at minimum performance represents the 25% vesting of the adjusted EPS element and the 100% vesting of the share price performance element of the award as the relevant share price criteria have been met in full at 12 December 2018.
- The number of shares awarded to Zillah Byng-Thorne and Penny Ladkin-Brand was originally 114,286 and 78,572 respectively. However, following the completion of the rights issue on 21 August 2018 the Committee elected to 'make good' all share award holders by increasing their number of options. The share incentives awarded to Zillah Byng-Thorne and Penny Ladkin-Brand in respect of the 24 November 2017 award were therefore increased by 20,059 and 13,791 shares respectively.
- Based on the EBITDA performance achieved for 2017 both Zillah Byng-Thorne and Penny Ladkin-Brand were each awarded a shares bonus of 50% of their salary.

Directors' remuneration report

For the year ended
30 September 2018

Pension entitlements (audited)

The only element of remuneration that is pensionable is basic annual salary, excluding performance-related bonuses and benefits in kind. During the year ended 30 September 2018, employer's pension contributions were payable for the Executive Directors at a rate of 15% for both the Chief Executive and the Chief Financial Officer. The entitlement to employer's pension contributions was paid in cash as a salary supplement to Zillah Byng-Thorne and to Penny Ladkin-Brand. This additional cash payment is not included in determining their entitlement to any performance-related bonus, share-based incentive or pension. The Company had no liability in respect of the Executive Directors' pensions as at 30 September 2018. Normal retirement age under the scheme rules is 75.

Payments to past Directors (audited)

No payments were made to any past Directors during the financial year ended 30 September 2018.

Payments for loss of office (audited)

During the financial year to 30 September 2018 no payments in respect of loss of office were made.

Statement of Directors' shareholding and share interests (audited)

The Company has historically had a policy on share ownership by Executive Directors which requires that any such Director should accumulate a holding in shares over a five-year period from appointment where the value of those shares represents at least one times salary. The Committee has reviewed this policy and amended it to increase the level of holding to at least two times salary. It is noted that both Executive Directors currently meet this requirement.

In respect of Zillah Byng-Thorne, the relevant five-year period commenced on 1 November 2013 and ended on 31 October 2018. As at 30 September 2018, Zillah Byng-Thorne had a holding of 269,755 shares which, at the share price on the same date, were worth £1.3m.

In respect of Penny Ladkin-Brand, the period commenced on 3 August 2015 and will end on 2 August 2020. As at 30 September 2018, Penny Ladkin-Brand had a holding of 197,152 shares which, at the share price on the same date, were worth £0.95m.

Details of Directors' shareholdings are set out on page 42 of the Directors' report.

Directors' interests in share schemes (audited)

Details of options and other share incentives held by Executive Directors and movements during the year are set out below, including details of the awards made during the year.

| | Date of grant ¹ | Price paid for grant | Earliest exercise date | Expiry date | Exercise price per share (p) | Balance at 1 Oct 2017 | Granted during the year ² | Granted during the year – rights issue adjustment ² | Vested during the year ³ | Balance at 30 Sept 2018 |
|--------------------|----------------------------|----------------------|--------------------------|-------------|------------------------------|-----------------------|--------------------------------------|--|-------------------------------------|-------------------------|
| Zillah Byng-Thorne | 16 Jul 2014 | Nil | 27 Nov 2017 | N/A | Nil | 166,667 | - | - | (166,667) | - |
| | 30 Nov 2015 | Nil | 30 Nov 2018 | N/A | Nil | 166,667 | - | 29,252 | - | 195,919 |
| | 23 Nov 2016 | Nil | 23 Nov 2019 | N/A | Nil | 529,702 | - | 92,970 | - | 622,672 |
| | 2 Feb 2017 | Nil | 23 Nov 2019 | N/A | Nil | 529,702 | - | 92,970 | - | 622,672 |
| | 24 Nov 2017 | Nil | 24 Nov 2020 | N/A | Nil | - | 114,286 | 20,059 | - | 134,345 |
| | 24 Nov 2017 ⁵ | Nil | 24 Nov 2017 | N/A | Nil | - | 56,022 | - | (56,022) | - |
| Penny Ladkin-Brand | 3 Aug 2015 ⁴ | Nil | 1 Sept 2018 ⁴ | N/A | Nil | 109,856 | - | 19,281 | (129,137) | - |
| | 30 Nov 2015 | Nil | 30 Nov 2018 | N/A | Nil | 83,334 | - | 14,626 | - | 97,960 |
| | 23 Nov 2016 | Nil | 23 Nov 2019 | N/A | Nil | 378,358 | - | 66,407 | - | 444,765 |
| | 2 Feb 2017 | Nil | 23 Nov 2019 | N/A | Nil | 378,358 | - | 66,407 | - | 444,765 |
| | 24 Nov 2017 | Nil | 24 Nov 2020 | N/A | Nil | - | 78,572 | 13,791 | - | 92,363 |
| | 24 Nov 2017 ⁵ | Nil | 24 Nov 2017 | N/A | Nil | - | 38,515 | - | (38,515) | - |

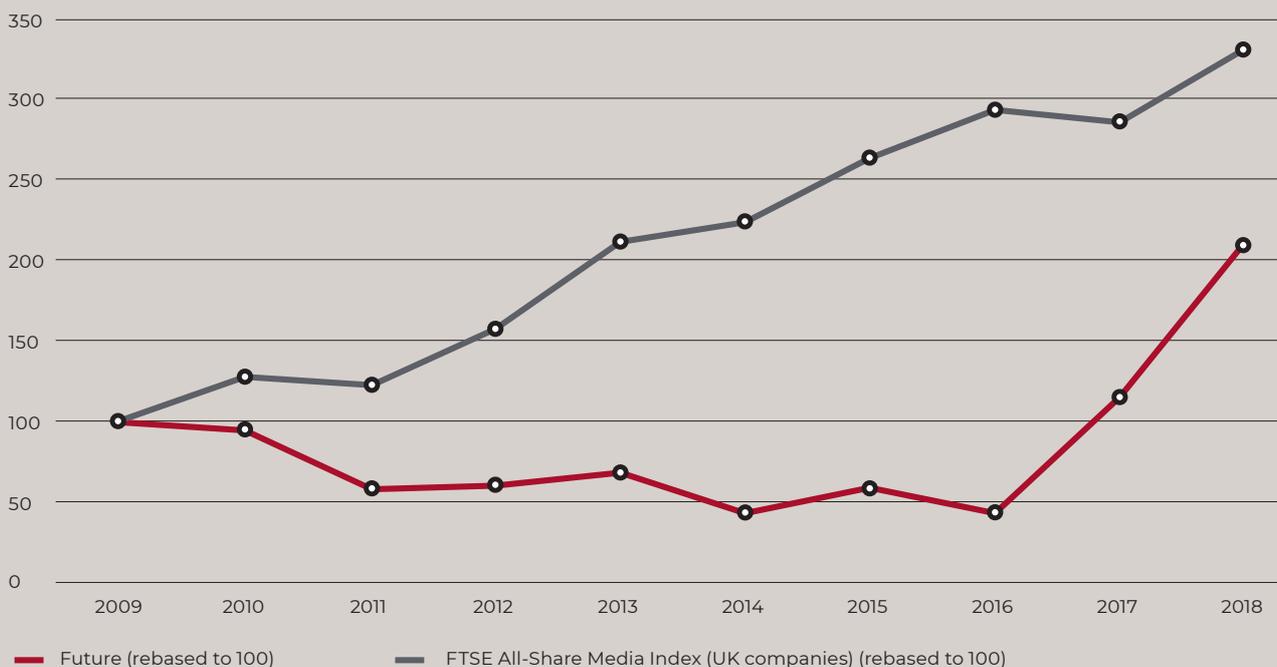
Notes:

- The performance criteria which apply to awards granted under the PSP scheme are set out on pages 55 to 56.
- Following the completion of the rights issue on 21 August 2018 the Committee elected to 'make good' all share award holders by increasing their number of options. All share incentives awarded to Zillah Byng-Thorne and Penny Ladkin-Brand were therefore increased accordingly.
- In July 2017 the Committee exercised its discretion to change the performance criteria in respect of the award granted to Zillah Byng-Thorne in July 2014 from TSR performance and EPS growth to absolute EPS and net cash flow in order to align the performance criteria for awards made to the Executive Directors. The Committee also extended the vesting date from 16 July 2017 to 27 November 2017.
- The Committee exercised its discretion to extend the vesting period for the PSP award granted to Penny Ladkin-Brand on 3 August 2015 to 1 September 2018 (from 2 August 2018) in order to avoid the vesting of the award prior to the completion of the rights issue.
- Based on the EBITDA performance achieved for 2017 both Zillah Byng-Thorne and Penny Ladkin-Brand were each awarded a shares bonus of 50% of their salary.

Graph: Past ten financial years ended 30 September 2018

Alignment of reward and Total Shareholder Return: Rebased to Future plc as of 1 October 2009

This graph shows a comparison of Future's total shareholder return (share price growth plus dividends) with that of the FTSE All-Share Media Index. This group was selected as it provides the best comparison of Future's recent performance relative to the other companies in its sector. This demonstrates that there has been a significant and sustained improvement in the performance of the Group over the last 2 years, with the gap between the Group and the comparator group rapidly narrowing.



Chief Executive pay during last ten years

The table below shows the Chief Executive's single figure of remuneration and variable pay outcomes over the same period as the graph above.

| Year | Stevie Spring | | | Mark Wood | | Zillah Byng-Thorne | | | | |
|---|-------------------|------------------|-------------------|-----------------|-----------------|--------------------|-----------------|-----------------|------------------|--------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| CEO single figure of remuneration £'000 | £423 | £746 | £546 | £430 | £331 | £306 ⁶ | £471 | £347 | £2,496 | £4,782 |
| Annual Bonus as % of Maximum | 0% | 40% | 0% | 50% | 0% | 20% | 36% | 0% ⁷ | 88% ⁸ | 100% |
| PSP Vesting (% of maximum) | 100% ¹ | 48% ² | 100% ³ | 0% ⁴ | 0% ⁴ | 0% ⁵ | 0% ⁵ | 0% ⁵ | 100% | 100% |

Notes:

- This represents shares which were granted as part of an exceptional one-off award intended to aid recruitment and retention. The award was not subject to performance criteria.
- This represents the first tranche of a deferred bonus share award which was not subject to performance criteria and the PSP award granted in December 2006 which partially vested in December 2009 following the partial satisfaction of TSR performance criteria.
- This represents the second tranche of a deferred bonus share award which was not subject to performance criteria. The PSP award granted in December 2007 lapsed in December 2010.
- The first awards granted to Mark Wood under the PSP were granted in January 2012 and lapsed on 18 January 2015, since the relevant performance criteria were not met.
- The first awards granted to Zillah Byng-Thorne under the PSP were granted in December 2013 and lapsed on 16 December 2016, as the relevant performance criteria were not met.
- The single figure for Zillah Byng-Thorne for 2014 includes five months of her Chief Financial Officer salary and six months of her salary as Chief Executive.
- Zillah Byng-Thorne waived her performance-related bonus for 2016.
- Zillah Byng-Thorne received a transaction bonus of £350,000 following the successful completion of the Imagine acquisition in October 2016. The right to a performance-related bonus was waived in 2016 as a result of this transaction bonus being paid. The 88% in the table reflects the combination of this transaction bonus, the profit pool bonus which was awarded as a result of EBITDA performance achieved for 2017 and the further bonus of 50% of current salary (to be satisfied in shares that must be held for at least one year) for the achievement of 2017 target EBITDA.

Directors' remuneration report

For the year ended
30 September 2018

Percentage change in remuneration of Chief Executive

| | Salary | | | Benefits (inc pension) | | | Bonus | | |
|-----------------|-----------------|----------|----------|------------------------|---------|----------|-----------------|----------|----------|
| | 2018 | 2017 | % change | 2018 | 2017 | % change | 2018 | 2017 | % change |
| Chief Executive | £400,000 | £350,000 | 14% | £77,000 | £54,000 | 43% | £600,000 | £640,000 | (6)% |
| All employees* | £49,859 | £38,758 | 29% | £2,964 | £1,777 | 67% | £2,659 | £1,551 | 71% |

*Includes the US staff taken on as part of the Purch and NewBay acquisitions in 2018, which has increased average pay.

Relative importance of spend on pay

The relative importance of spend on pay for the business is shown in the chart below.



The table shows the actual expenditure of the Group, and change between the current and previous years, on remuneration paid to all employees compared to the total operating costs for the Group excluding exceptional costs and remuneration, and investment in capital expenditure.

Shareholder voting

At the 2017 Annual General Meeting, votes cast on the Directors' remuneration report beginning on 1 October 2016 to 30 September 2019 were as follows:

| | For | % | Discretionary | % | Against | % |
|---|------------|-------|---------------|------|---------|------|
| Approval of Directors' remuneration report for 2017 | 18,578,620 | 99.93 | 1,732 | 0.01 | 11,690 | 0.06 |

Implementation of remuneration policy in the year to 30 September 2019

The Remuneration Committee proposes the following changes to the remuneration policy that have taken place in 2018 for 2019 in accordance with the policy for the Executive Directors, as outlined in the Remuneration Policy report on pages 61 to 64, subject to shareholder approval at the Company's AGM on 7 February 2019.

| Element | Operation of element | Max. potential value | Performance, weighting & time |
|---------------------------|--|---|--|
| Base salary | No change | Zillah Byng-Thorne's salary as Chief Executive increased to £475,000 with effect from 1 October 2018. | No change |
| Benefits | No change | No change | No change |
| Annual Bonus ¹ | No change | Zillah Byng-Thorne and Penny Ladkin-Brand to be paid an annual bonus of 150% and 125% respectively in respect of the year ended September 2018. | No change although half of any future award to be paid as a share award which is subject to a two-year holding period. |
| PSP | No change | Zillah Byng-Thorne and Penny Ladkin-Brand received awards of 200% and 167% of salary respectively in November 2018 which, subject to the achievement of certain performance conditions, will vest in November 2021. | Imposition of a two-year holding period post vesting after three years. |
| Pension | No change | No change | No change |
| Shareholding guidelines | The Committee wishes to enact formal share ownership guidelines requiring both the CEO and CFO to hold shares worth the equivalent of 200% of salary. Both Executive Directors hold in excess of this requirement however there is currently no formal policy. | | |

Note:

1. Performance targets for the Annual Bonus are not disclosed due to their commercial sensitivity. In the event that there is an increase in the Executive Directors' base salaries during the year, the potential maximum value of the Annual Bonus and pension shall increase accordingly.

Advisers to the Remuneration Committee

Ernst & Young LLP ('EY') advise the Committee in respect of various share incentives and executive remuneration and were paid £20,000 in the year for providing these services to the Committee. After undertaking the appropriate enquiries and checks, the Remuneration Committee is satisfied that the advice received was objective and independent.

Compliance with the UK Corporate Governance Code

The Board has complied fully with the provisions of Section D of the UK Corporate Governance Code in relation to Directors' remuneration policy and practice, and has followed Schedule A to the Code in relation to performance-related remuneration policy. Further information regarding the Company's approach to corporate governance is set out on pages 47 to 50.

Remuneration policy report

The policy set out below applies for all financial years beginning on or after 1 October 2016 to 30 September 2019 following shareholder approval at the Company's Annual General Meeting on 1 February 2017 and 5 February 2018 in respect of Non-Executive remuneration.

The Committee considers the remuneration policy annually to ensure that it remains aligned with the Group's business needs and is appropriately positioned relative to the market. The Committee proposes several changes in respect of Directors' remuneration to the policy that was approved by shareholders at the Company's Annual General meeting in February 2017. These changes seek to reflect how current remuneration practice is evolving and to ensure that remuneration strikes the right balance between incentivisation and alignment with shareholder expectations.

Approach to recruitment remuneration for Executive and Non-Executive Directors

The Committee's objective at the time of an appointment to a new role is to weight Executive Directors' remuneration packages towards performance-related pay, with performance-related targets linked to financial performance of the Group against budget and the Group's performance against business objectives and its stated strategy.

Any new Executive Director's remuneration package would include the same elements as those of the existing Executive Directors, as shown below:

| Element of remuneration | Maximum % of salary |
|--|------------------------------|
| Salary | Not higher than market value |
| Benefits | Dependent on circumstances |
| Pension | 15% of basic annual salary |
| Performance-related bonus ² | 150% |
| Share incentive schemes ¹ | Up to 200% |

Notes:

1. PSP scheme rules provide for awards of up to 200% of basic annual salary (with any vesting over 150% only for exceptional performance), save in exceptional circumstances where the Committee is allowed discretion to award up to 400% of basic annual salary.
2. In the event of an internal promotion, any commitments made by the Company to an internal candidate shall be honoured even if it would otherwise be inconsistent with the policy.
3. If the Director is required to relocate then the policy is to provide reasonable relocation, travel and subsistence payments at the discretion of the Committee.

In determining the level and make-up of Executive Directors' remuneration, the Committee carefully considers the following issues:

- (a) Remuneration packages offered to Executive Directors should be competitive with those available for comparable roles in companies operating in similar markets and on a similar scale. They should be sufficiently desirable so as to attract, retain and motivate high calibre Directors to perform at the highest levels, whilst at the same time ensuring that recruitment and remuneration expenditure is not excessive and does not encourage excessive risk-taking.
- (b) The interests of Executive Directors should be aligned with those of shareholders by ensuring that a significant proportion of remuneration is linked to Group performance.
- (c) Remuneration packages and employment conditions of Executive Directors are considered in conjunction with both those of key senior managers (keeping succession planning in mind) and all employees in the Group in order to achieve a consistent remuneration policy across the Group. The Committee has given particular attention to ensuring that the remuneration packages of the key senior managers recruited during the year are aligned with those of the Executive Directors.
- (d) Bonus potential and share scheme awards that are capped at a percentage of salary are restricted if salaries are low.
- (e) Subjective criteria are applied to the performance-related bonus of the Chief Executive and Chief Financial Officer in order to ensure that the Committee retains discretion and to ensure no performance-related bonus is unjustly received.

Service contracts and payments for loss of office

Executive Directors

| Contract provision | Policy | Details |
|--|--|--|
| Notice periods | Director or Company shall be entitled to serve 6 months' notice (in Penny Ladkin-Brand's case) or 12 months' notice (in Zillah Byng-Thorne's case). | A Director may be required to work during their notice period or be put on garden leave. |
| Compensation for loss of office | Director shall be entitled to receive 6 months' salary (in Penny Ladkin-Brand's case) or 12 months' salary (in Zillah Byng-Thorne's case) and benefits during any unexpired notice period. | While service agreements allow for monthly payments during notice period which are subject to mitigation, the Committee retains discretion to make payments in such manner as is deemed appropriate, particularly by reference to the circumstances of the loss of office. |
| Treatment of share incentives on termination | Incentives will lapse or vest at the Committee's discretion, subject to performance criteria being met and the rules of the scheme. | The Committee has discretion to allow awards to vest partially or in full on termination, or to preserve awards. |
| Change of control | In the event of a change of control, a Director may terminate their appointment on serving no less than 1 month's notice. | In the event of termination by either the Director or the Company, the Director will be entitled to receive 6 months' salary. |

Non-Executive Directors

| | | |
|----------------|---|--|
| Notice periods | 3 months' notice from either Company or Director. | Appointed for a three-year term, subject to annual re-election by shareholders at the Company's AGM. |
|----------------|---|--|

Copies of Directors' service agreements and letters of appointment are available for inspection on request at the Company's registered office.

Consideration of employee conditions within the Group

The Committee takes into consideration the pay and conditions of employees across the Group when determining remuneration for Executive Directors.

All employees receive a basic annual salary, benefits and an entitlement to receive a bonus, subject to financial performance, under the Group's profit pool bonus scheme.

Discretionary share incentive awards are granted to certain key employees and 'rising stars' under the PSP and DABS schemes, the details of which are set out in note 22 on pages 99 to 102. The Group operates a Share Incentive Plan in order to encourage active employee share ownership.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received as part of any discussions with shareholders and consults with shareholders on specific matters as and when appropriate.

Approved by the Board of Directors and signed on its behalf by:



Hugo Drayton
Chairman of the Remuneration Committee
12 December 2018

Remuneration table

Executive Directors

| Element | Operation | Objective & link to strategy |
|--|---|--|
| Basic annual salary | <p>Basic annual salary is paid in 12 equal monthly instalments during the year and is reviewed annually. When assessing the level of basic annual salary, the Committee takes into account performance, market conditions, remuneration of equivalent roles within comparable companies, the size and scale of the business and pay in the Group as a whole.</p> <p>The Committee retains discretion to pay a salary supplement to an Executive Director for fulfilling the role of another higher paid Executive Director when that Executive Director leaves the Company.</p> | To recruit, retain and motivate individuals of high calibre, and reflect the skills, experience and contribution of the relevant Director. |
| Benefits | Current benefits available to Executive Directors are car allowance, permanent health insurance, healthcare and life assurance. Additional benefits may be offered if applicable and subject to the maximum value of all benefits not exceeding the maximum potential value set by the Committee. | To ensure broad competitiveness with market practice. |
| Pension | The Company shall make a contribution up to a maximum percentage of basic annual salary. | To ensure broad competitiveness with market practice. |
| Performance-related bonus ¹ | <p>Targets are set annually by the Committee, based on (i) financial performance against budget and, at the Committee's discretion, (ii) individual subjective performance targets which are determined for each Executive Director.</p> <p>The Committee retains discretion to set the financial targets based on the performance during the previous financial year and the budget for the forthcoming year, and performance of the individual against their specific subjective performance targets.</p> | Designed to reward delivery of shareholder value and implementation of the Group's strategy. |
| Long term share-based incentive ² | <p>Annual awards to Executive Directors of up to a maximum of 2 times basic annual salary, with discretion to award up to a maximum of 4 times basic annual salary, e.g. recruitment of a Director or to "buy out" awards granted by prior employer.</p> <p>The scheme rules allow the Committee discretion to change the performance targets and the Committee shall be entitled to exercise its discretion to change performance criteria to the extent that it reflects market practice and/or the Committee considers alternative performance targets to be more appropriate to the business.</p> | Designed to reward delivery of shareholder value in the medium-to-long term. |
| All-employee share plans ³ | <p>The Company operates a Share Incentive Plan ("SIP") in the UK which qualifies for tax benefits.</p> <p>The Committee retains discretion to allow Executive Directors to participate in the SIP on the same terms as other employees.</p> | To encourage share ownership by employees and align their interests with those of the shareholders. |

Notes to the table

1. The performance-related bonus targets are determined annually by the Committee and are designed to align Executive Directors' interests with those of the Company's shareholders and to reward good performance by the Company. Financial targets are set by reference to the Company's budget for the relevant financial year, and individual performance targets are set by reference to the Company's strategy and goals for the relevant financial year. The targets for the financial year to 30 September 2019 are not disclosed here due to their commercial sensitivity.

Non-Executive Directors

| Element | Operation | Objective & link to strategy |
|-------------------|--|---|
| Fees ¹ | Non-Executive Directors' fees are reviewed every three years and paid in 12 monthly instalments. | Reflects the time commitment and responsibilities of the roles. |

Notes to the table

1. Fees are paid at a standard annual rate to reflect the time, commitment and responsibilities of the roles, with additional fees paid to those who chair Board Committees to reflect their additional responsibilities. Separately, the Board sets the fee payable to the Chairman of the Board. Subject to shareholder approval it is proposed that this is amended so that a fee is payable for each Chairman role held. Non-Executive Directors are not included in any performance-related bonus, share incentive schemes or pension arrangements.

| Max. potential value | Performance measures | Changes for 2019 |
|---|--|---|
| Salary increases shall generally reflect market conditions, performance of the individual, new challenges or a new strategic direction for the business. Similarly, the Committee may approve a higher basic annual salary for a newly appointed Director than the outgoing Director received where it considers it necessary in order to recruit an individual of sufficient calibre for the role. | Not applicable. | No change. |
| The Company shall continue to provide benefits to Executive Directors at similar levels; where insurance cover is provided by the Company, that cover shall be maintained at a similar level and the Company shall pay the then current market rates for such cover. | Not applicable. | No change. |
| Total cost annually shall not exceed 15% of basic annual salary. | Not applicable. | No change. |
| For both the Chief Executive and Chief Financial Officer the Committee retains discretion to vary the potential total maximum bonus, the weighting of the variable elements and the stretch of the targets in order to incentivise or recruit Executive Directors, provided that the total maximum potential bonus for any one year shall not exceed 150% of basic annual salary and that the maximum bonus shall only be payable for over performance. | <p>The performance measures, relative weightings and targets are set annually by the Committee. Details of the measures and their relative weightings are disclosed annually in the Directors' remuneration report with the targets disclosed provided they are not deemed to be commercially sensitive. The Committee retains discretion to adjust the targets if events occur which lead it to conclude that they are no longer appropriate.</p> <p>The Committee also retains discretion to adjust the outcome of the performance-related bonus for any performance measure if it considers that to be appropriate.</p> | A new requirement that 50% of any performance-related bonus will be delivered by way of a deferred share award, which will only vest two years after the award date. This will ensure an additional focus, post-vesting, on the longer-term performance of the business, regardless of the likelihood of vesting of LTIP awards. |
| Value of grant as a maximum percentage of salary is 200% (increased from 100% in 2018) of basic annual salary, however in exceptional circumstances the Committee retains discretion to grant one-off awards of a value up to 400% of basic annual salary. | <p>The performance targets are set annually by the Committee and disclosed annually in the Directors' remuneration report provided they are not deemed to be commercially sensitive.</p> <p>Awards vest at the end of the three-year performance period, when the Committee will assess performance against the targets set and determine, in its absolute discretion, the overall level of vesting of the award.</p> | A higher maximum percentage of salary of 200% introduced, however any award in excess of 150% of pay would vest only for exceptional performance. Introduction of a requirement for a two-year holding period, to be imposed following the three-year performance period. This creates an additional longer-term incentive, which ensures that even if participants cease employment, the value of their award will be impacted by the post-employment performance of the Group and therefore ensure focus on the long-term value of the business. This change also brings our approach more in line with market practice and shareholder expectations. |
| The maximum participation levels for all-employee share plans will be the limits set out in UK tax legislation. | Not applicable. | No change. |

2. PSP performance targets: Additional details of the performance criteria attaching to PSP awards granted to date are set out on pages 53 to 56.

3. All employees of the Group receive a basic annual salary, benefits, pension and annual bonus (subject to financial performance). The maximum value of remuneration packages is based on the seniority and responsibilities of the relevant role. Discretionary share Incentives are not awarded to employees other than Executive Directors and certain key individuals and 'rising stars', however the Company introduced a Share Incentive Plan in 2015 to encourage share ownership.

| Max. potential value | Performance measures | Changes for 2019 |
|---|----------------------|------------------|
| Chairman: £120,000 Deputy Chairman: £65,000 Other Non-Executive Directors: £45,000 Additional fees payable: Chairman of Committee: £5,000 (per Chairman role) Senior independent Director: £7,500 Member of Committee: Nil | Not applicable. | No change. |

Independent auditors' report**Independent auditors' report to the members of Future plc****Report on the audit of the financial statements****Opinion**

In our opinion, Future plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 30 September 2018; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company cash flow statements, and the Consolidated and Company statements of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 October 2017 to 30 September 2018.

Our audit approach***The scope of our audit***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the group and company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules and UK and US tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries of management and the Group's legal department and testing compliance with tax filing deadlines. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter**How our audit addressed the key audit matter****The measurement of Magazine newsstand revenue**

Magazine newsstand revenue is recognised at the date that the related publication goes on sale. The amount of revenue recognised is based on the number of issues printed and an estimate of the number of returns.

We focused on this area because of the inherent subjectivity in estimating the number of returns and because of the significance of Magazine revenue to the Group's reported result. Changes to the estimated number of returns could have a material impact on Magazine revenue.

We assessed whether the estimated number of returns was reasonable by comparing the estimate to historical trends and by considering the accuracy of management's forecasting in the past.

We considered whether there had been any change to the types of magazines sold or changes to the market environment, which could increase the level of uncertainty in the estimate.

We also examined the number of returns processed after the year-end and compared that data to the level of returns forecast by management.

Based on the work performed, we found that the methods and assumptions used to estimate the number of returns were appropriate and that the estimate was supported by the evidence obtained.

The valuation of goodwill (£99.8 million (2017: £65.8 million)). Refer to note 11 for further information

Goodwill is an intangible asset that arises on the acquisition of a business and reflects the portion of the consideration paid which cannot be allocated to separately identifiable acquired assets. Goodwill is not amortised but tested for impairment at least once a year, or more frequently where there is an indication that it may be impaired.

We focused on this area because goodwill is material to the consolidated financial statements and the assumptions used in the impairment assessment are inherently subjective. In particular, the assessment is highly sensitive to changes in forecast earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) margins.

Our work to address the valuation of goodwill was supported by our in-house valuation experts and included the following procedures:

- We assessed whether the forecast EBITDA margins were reasonable by comparing them to historical trends and by considering the accuracy of management's forecasting in the past. We considered whether there had been any changes to the business or to the market environment, which could increase the level of uncertainty in the forecast.
- We performed sensitivities to confirm that the forecast EBITDA margin continued to remain the key assumption to which the impairment assessment was most sensitive. We also considered to what level the EBITDA margin would need to deteriorate to in order to indicate impairment.
- We used our in-house valuation experts to compare the discount rate to our own estimate of the Group's cost of capital, adjusted for the effects of tax.
- We also assessed the reasonableness of the assumed long-term growth rate in light of external forecasts for the UK and US economies.

Based on the work performed, we found that the methods used in the impairment assessment were appropriate and that the conclusions reached were supported by the evidence obtained.

The classification of exceptional items (£4.4 million (2017: £3.7 million)). Refer to note 4 for further information

The Group's accounting policy is to report items of income and expense as exceptional items where they relate to an event which falls outside the ordinary activities of the business and where individually or in aggregate they have a material impact on the financial statements.

Exceptional items primarily consisted of acquisition related costs. We focussed on this area because exceptional items are material to the consolidated financial statements and because there is a degree of judgement in their classification.

We tested the classification of exceptional items by examining supporting information such as invoices.

Acquisition related costs have been incurred in both the current and in prior years and so we challenged management as to whether such costs were exceptional in nature. Management's view was that whilst these charges have persisted in 2018, they have arisen from a significant, ongoing transformation programme.

Following completion of this programme, these charges will not recur. Given the scale of change brought about by the acquisitions completed this year, and the fact that, materially, only costs related to those transactions have been separated, we accepted this treatment for the current year.

From the evidence obtained, we concurred with management's assessment to classify and disclose these costs as separately reported exceptional items, in line with the disclosed accounting policy.

Independent auditors' report

Key audit matter

The accounting for the acquisition of NewBay Media LLC, Haymarket and Purch Group LLC. Refer to note 27 for further information

During the year, the Group completed its acquisition of NewBay Media LLC, Haymarket and Purch Group LLC. We focused on the accounting for these transactions because they are material to the consolidated financial statements of the Group and because there is a degree of judgement in the identification and valuation of the assets and liabilities acquired.

How our audit addressed the key audit matter

Our work over the accounting for acquisitions was supported by our in-house valuation experts and included the following procedures:

- We agreed the cash and equity consideration paid to supporting documentation.
- We tested the fair values of the assets and liabilities acquired and, based on our understanding of the acquired businesses, assessed whether all assets and liabilities had been appropriately identified. We also considered any required alignment of accounting policies and valuation methodologies.
- We used our in-house valuation experts to assess the appropriateness of the methodology used to value intangible assets and the reasonableness of certain, key assumptions.
- We re-performed the calculation of goodwill.
- We assessed the sufficiency of the disclosures relating to the acquisitions, taking into account the requirements of relevant financial reporting standards and tested the completeness and accuracy of those disclosures.

Based on the work performed and recognising that due to the proximity of the acquisitions to the year-end, the fair values are provisional, we found that the fair value of the acquired assets and liabilities was supported by the evidence obtained.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured along two geographical lines, being the UK and US. The Group's financial statements consist of a consolidation of 21 statutory entities; but the Group primarily operates through two main trading entities; Future Publishing Limited and Future US, Inc.

In establishing the overall approach to the Group audit, we determine the type of work that we needed to perform at each entity to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

In our view, the two main trading entities required a full scope audit of their complete financial information, due to their size and their risk characteristics. These were audited by the UK Group engagement team. This, together with our audit of the parent holding Company and testing of the consolidation at Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Group financial statements | Company financial statements |
|--|--|--|
| Overall materiality | £1,246,000 (2017: £840,000) | £2,040,000 (2017: 820,000) |
| How we determined it | 1% of revenue | 1% of total assets |
| Rationale for benchmark applied | In arriving at this judgement, we considered the financial measures, which we believed to be most relevant to the shareholders in assessing the performance of the Group. Profit before tax is a generally accepted benchmark for a profit-orientated business. However, due to restructuring and continued transformational activity, there has been a degree of volatility in this measure. We concluded that, in isolation, this metric did not appropriately reflect the scale of the Group's ongoing operations or its underlying performance. As a result, revenue was considered the most appropriate metric, but in quantifying materiality, we have also had regard to other performance measures such as operating profit and the impact of exceptional items. | As a holding company, the entity is not considered to be profit orientated. In such circumstances, total assets is a generally accepted benchmark. |

For each component in the scope of our Group audit, we allocated an equal materiality of £1,134,000, which was less than our overall Group materiality. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £62,000 (Group audit) (2017: £42,000) and £102,000 (Company audit) (2017: £40,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Independent auditors' report

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities. With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 45, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 11 May 1999 to audit the financial statements for the year ended 31 December 1999 and subsequent financial periods. The period of total uninterrupted engagement is 20 years, covering the years ended 31 December 1999 to 30 September 2018.

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
12 December 2018

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Consolidated income statement

for the year ended 30 September 2018

| | Note | Non-GAAP Adjusted results £m | 2018 Adjusting items £m | Statutory results £m | Non-GAAP Adjusted results £m | 2017 Adjusting items £m | Statutory results £m |
|---|------|---------------------------------------|----------------------------------|----------------------------|---------------------------------------|----------------------------------|----------------------------|
| Revenue | 1 | 124.6 | - | 124.6 | 84.4 | - | 84.4 |
| Net operating expenses | 2 | (106.1) | (13.2) | (119.3) | (75.5) | (8.1) | (83.6) |
| Operating profit | | 18.5 | (13.2) | 5.3 | 8.9 | (8.1) | 0.8 |
| Finance income | 6 | - | - | - | 0.1 | - | 0.1 |
| Finance costs | 6 | (1.1) | 0.2 | (0.9) | (0.7) | - | (0.7) |
| Net finance costs | | (1.1) | 0.2 | (0.9) | (0.6) | - | (0.6) |
| Profit before tax | 1 | 17.4 | (13.0) | 4.4 | 8.3 | (8.1) | 0.2 |
| Tax (charge)/credit | 7 | (2.5) | 1.0 | (1.5) | 0.3 | 1.1 | 1.4 |
| Profit for the year attributable to owners of the parent | | 14.9 | (12.0) | 2.9 | 8.6 | (7.0) | 1.6 |

See page 78 and note 9 for a reconciliation between adjusted and statutory results.

Earnings per 15p Ordinary share

| | Note | 2018 pence | Restated 2017* pence |
|----------------------------|------|---------------|----------------------------|
| Basic earnings per share | 9 | 5.1 | 3.7 |
| Diluted earnings per share | 9 | 4.7 | 3.4 |

* 2017 figures have been restated to reflect the bonus element of the rights issue that took place in August 2018.

As permitted by the exemption under Section 408 of the Companies Act 2006 no Company income statement or statement of comprehensive income is presented. The Company profit for the year was £0.1m (2017: loss of £2.3m).

Consolidated statement of comprehensive income

for the year ended 30 September 2018

| | 2018 £m | 2017 £m |
|---|--------------|------------|
| Profit for the year | 2.9 | 1.6 |
| Items that may be reclassified to the consolidated income statement | | |
| Currency translation differences | (0.3) | (0.2) |
| Other comprehensive loss for the year | (0.3) | (0.2) |
| Total comprehensive income for the year attributable to owners of the parent | 2.6 | 1.4 |

Items in the statement above are disclosed net of tax.

Financial statements

Consolidated statement of changes in equity

for the year ended 30 September 2018

| Group | Note | Issued share capital £m | Share premium account £m | Merger reserve £m | Treasury reserve £m | Accumulated losses £m | Total equity £m |
|--|--------|----------------------------|-----------------------------|----------------------|------------------------|--------------------------|--------------------|
| Balance at 1 October 2016 | | 3.7 | 27.6 | 109.0 | (0.3) | (118.8) | 21.2 |
| Profit for the year | | - | - | - | - | 1.6 | 1.6 |
| Currency translation differences | | - | - | - | - | (0.2) | (0.2) |
| Other comprehensive income for the year | | - | - | - | - | (0.2) | (0.2) |
| Total comprehensive income for the year | | - | - | - | - | 1.4 | 1.4 |
| Share capital issued during the year | 21, 23 | 3.1 | 19.8 | 13.5 | - | - | 36.4 |
| Share schemes | | | | | | | |
| - Value of employees' services | 5 | - | - | - | - | 1.8 | 1.8 |
| - Deferred tax on options | 13 | - | - | - | - | 0.5 | 0.5 |
| Balance at 30 September 2017 | | 6.8 | 47.4 | 122.5 | (0.3) | (115.1) | 61.3 |
| Profit for the year | | - | - | - | - | 2.9 | 2.9 |
| Currency translation differences | | - | - | - | - | (0.3) | (0.3) |
| Other comprehensive loss for the year | | - | - | - | - | (0.3) | (0.3) |
| Total comprehensive income for the year | | - | - | - | - | 2.6 | 2.6 |
| Share capital issued during the year | 21, 23 | 5.4 | 97.2 | 2.4 | - | - | 105.0 |
| Share premium reduction | 23 | - | (47.4) | - | - | 47.4 | - |
| Share schemes | | | | | | | |
| - Value of employees' services | 5 | - | - | - | - | 2.6 | 2.6 |
| - Deferred tax on options | 13 | - | - | - | - | 1.1 | 1.1 |
| Balance at 30 September 2018 | | 12.2 | 97.2 | 124.9 | (0.3) | (61.4) | 172.6 |

Company statement of changes in equity

for the year ended 30 September 2018

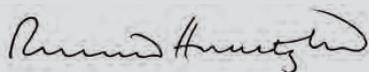
| Company | Note | Issued share capital £m | Share premium account £m | Merger reserve £m | Retained earnings £m | Total equity £m |
|--|--------|----------------------------|-----------------------------|----------------------|-------------------------|--------------------|
| Balance at 1 October 2016 | | 3.7 | 27.6 | - | 4.0 | 35.3 |
| Loss for the year | | - | - | - | (2.3) | (2.3) |
| Total comprehensive loss for the year | | - | - | - | (2.3) | (2.3) |
| Share capital issued during the year | 21, 23 | 3.1 | 19.8 | 13.5 | - | 36.4 |
| Share schemes | | | | | | |
| - Value of employees' services | | - | - | - | 1.8 | 1.8 |
| - Deferred tax on options | 13 | - | - | - | 0.5 | 0.5 |
| Balance at 30 September 2017 | | 6.8 | 47.4 | 13.5 | 4.0 | 71.7 |
| Profit for the year | | - | - | - | 0.1 | 0.1 |
| Total comprehensive income for the year | | - | - | - | 0.1 | 0.1 |
| Share capital issued during the year | 21, 23 | 5.4 | 97.2 | 2.4 | - | 105.0 |
| Share premium reduction | 23 | - | (47.4) | - | 47.4 | - |
| Share schemes | | | | | | |
| - Value of employees' services | | - | - | - | 2.6 | 2.6 |
| - Deferred tax on options | 13 | - | - | - | 1.1 | 1.1 |
| Balance at 30 September 2018 | | 12.2 | 97.2 | 15.9 | 55.2 | 180.5 |

Consolidated balance sheet

as at 30 September 2018

| | Note | 2018 £m | 2017 £m |
|---|------|--------------|--------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 1.7 | 1.0 |
| Intangible assets - goodwill | 11 | 99.8 | 65.8 |
| Intangible assets - other | 11 | 103.6 | 26.5 |
| Investments | | 0.2 | 0.2 |
| Deferred tax | 13 | 5.3 | 4.4 |
| Total non-current assets | | 210.6 | 97.9 |
| Current assets | | | |
| Inventories | | - | 0.7 |
| Corporation tax recoverable | | 0.1 | 0.1 |
| Trade and other receivables | 14 | 37.6 | 13.6 |
| Cash and cash equivalents | 15 | 6.4 | 10.1 |
| Total current assets | | 44.1 | 24.5 |
| Total assets | | 254.7 | 122.4 |
| Equity and liabilities | | | |
| Equity | | | |
| Issued share capital | 21 | 12.2 | 6.8 |
| Share premium account | 23 | 97.2 | 47.4 |
| Merger reserve | 23 | 124.9 | 122.5 |
| Treasury reserve | 23 | (0.3) | (0.3) |
| Accumulated losses | | (61.4) | (115.1) |
| Total equity | | 172.6 | 61.3 |
| Non-current liabilities | | | |
| Financial liabilities - interest-bearing loans and borrowings | 17 | 15.7 | 16.9 |
| Deferred tax | 13 | 5.1 | 4.6 |
| Provisions | 18 | 2.8 | 2.6 |
| Other non-current liabilities | 19 | 0.5 | 0.6 |
| Total non-current liabilities | | 24.1 | 24.7 |
| Current liabilities | | | |
| Financial liabilities - interest-bearing loans and borrowings | 17 | 8.5 | 3.2 |
| Financial liabilities - derivatives | | - | 0.1 |
| Trade and other payables | 16 | 48.4 | 29.9 |
| Corporation tax payable | | 1.1 | 3.2 |
| Total current liabilities | | 58.0 | 36.4 |
| Total liabilities | | 82.1 | 61.1 |
| Total equity and liabilities | | 254.7 | 122.4 |

The financial statements on pages 72 to 106 were approved by the Board of Directors on 12 December 2018 and signed on its behalf by:



Richard Huntingford
Chairman



Penny Ladkin-Brand
Chief Financial Officer

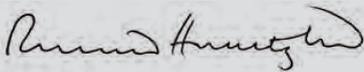
Financial statements

Company balance sheet

as at 30 September 2018

| | Note | 2018 £m | 2017 £m |
|---|------|--------------|-------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in Group undertakings | 12 | 123.6 | 19.5 |
| Deferred tax | 13 | 2.2 | 0.8 |
| Total non-current assets | | 125.8 | 20.3 |
| Current assets | | | |
| Trade and other receivables | 14 | 79.7 | 74.4 |
| Cash and cash equivalents | 15 | 0.3 | 0.7 |
| Total current assets | | 80.0 | 75.1 |
| Total assets | | 205.8 | 95.4 |
| Equity and liabilities | | | |
| Equity | | | |
| Issued share capital | 21 | 12.2 | 6.8 |
| Share premium account | 23 | 97.2 | 47.4 |
| Merger reserve | 23 | 15.9 | 13.5 |
| Retained earnings | | 55.2 | 4.0 |
| Total equity | | 180.5 | 71.7 |
| Non-current liabilities | | | |
| Financial liabilities - interest-bearing loans and borrowings | 17 | 15.7 | 16.9 |
| Total non-current liabilities | | 15.7 | 16.9 |
| Current liabilities | | | |
| Financial liabilities - interest-bearing loans and borrowings | 17 | 8.5 | 3.1 |
| Financial liabilities - derivatives | | - | 0.1 |
| Trade and other payables | 16 | 1.0 | 0.9 |
| Corporation tax payable | | 0.1 | 2.7 |
| Total current liabilities | | 9.6 | 6.8 |
| Total liabilities | | 25.3 | 23.7 |
| Total equity and liabilities | | 205.8 | 95.4 |

The financial statements on pages 72 to 106 were approved by the Board of Directors on 12 December 2018 and signed on its behalf by:



Richard Huntingford
Chairman



Penny Ladkin-Brand
Chief Financial Officer

Consolidated and Company cash flow statements

for the year ended 30 September 2018

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|---|---------------------|-----------------------|---------------------|-----------------------|
| Cash flows from operating activities | | | | |
| Cash generated from/(used in) operations | 14.7 | (2.1) | 12.0 | (2.6) |
| Interest paid | (0.9) | (0.9) | (0.6) | (0.6) |
| Tax paid | (4.0) | (2.6) | (1.4) | (0.8) |
| Net cash generated from/(used in) operating activities | 9.8 | (5.6) | 10.0 | (4.0) |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (1.2) | - | (0.6) | - |
| Purchase of computer software and website development | (1.2) | - | (1.2) | - |
| Purchase of magazine titles and events | - | - | (0.8) | - |
| Purchase of subsidiary undertakings, net of cash acquired | (117.1) | - | (31.8) | - |
| Disposal of magazine titles and trademarks | - | - | 0.2 | - |
| Capital contributions to subsidiaries | - | (100.1) | - | - |
| Net movement in amounts owed to/by subsidiaries | - | (1.0) | - | (25.9) |
| Net cash used in investing activities | (119.5) | (101.1) | (34.2) | (25.9) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of Ordinary share capital | 105.7 | 105.7 | 22.0 | 22.0 |
| Costs of share issue | (3.4) | (3.4) | (1.0) | (1.0) |
| Draw down of bank loans | 7.4 | 7.4 | 23.3 | 23.3 |
| Repayment of bank loans | (3.3) | (3.3) | (12.0) | (12.0) |
| Bank arrangement fees | (0.1) | (0.1) | (0.7) | (0.7) |
| Repayment of finance leases | - | - | (0.1) | - |
| Net cash generated from financing activities | 106.3 | 106.3 | 31.5 | 31.6 |
| Net (decrease)/increase in cash and cash equivalents | (3.4) | (0.4) | 7.3 | 1.7 |
| Cash and cash equivalents at beginning of year | 10.1 | 0.7 | 2.9 | (1.0) |
| Exchange adjustments | (0.3) | - | (0.1) | - |
| Cash and cash equivalents at end of year | 6.4 | 0.3 | 10.1 | 0.7 |

Financial statements

Notes to the Consolidated and Company cash flow statements

for the year ended 30 September 2018

A. Cash generated from operations

The reconciliation of profit/(loss) for the year to cash generated from/(used in) operations is set out below:

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|---|---------------------|-----------------------|---------------------|-----------------------|
| Profit/(loss) for the year | 2.9 | 0.1 | 1.6 | (2.3) |
| Adjustments for: | | | | |
| Depreciation charge | 0.6 | - | 0.3 | - |
| Amortisation of intangible assets | 7.3 | - | 4.1 | - |
| Share schemes | | | | |
| - Value of employees' services | 2.6 | - | 1.8 | - |
| Dividend receivable from Group undertaking | - | (3.2) | - | (0.3) |
| Net finance costs | 0.9 | 0.9 | 0.6 | 0.6 |
| Tax charge/(credit) | 1.5 | (0.1) | (1.4) | 0.7 |
| Profit/(loss) before changes in working capital and provisions | 15.8 | (2.3) | 7.0 | (1.3) |
| Movement in provisions | - | - | 1.0 | - |
| Decrease in inventories | 0.7 | - | 0.1 | - |
| (Increase)/decrease in trade and other receivables | (7.0) | - | 6.0 | 0.1 |
| Increase/(decrease) in trade and other payables | 5.2 | 0.2 | (2.1) | (1.4) |
| Cash generated from/(used in) operations | 14.7 | (2.1) | 12.0 | (2.6) |

B. Analysis of net debt

| Group | 1 October 2017 £m | Cash flows £m | Other non-cash changes £m | Exchange movements £m | 30 September 2018 £m |
|-----------------------------------|-------------------------|------------------|---------------------------------|-----------------------------|----------------------------|
| Cash and cash equivalents | 10.1 | (3.4) | - | (0.3) | 6.4 |
| Debt due within one year | (3.2) | (5.3) | - | - | (8.5) |
| Debt due after more than one year | (16.9) | 0.9 | 0.3 | - | (15.7) |
| Net debt | (10.0) | (7.8) | 0.3 | (0.3) | (17.8) |

| Company | 1 October 2017 £m | Cash flows £m | Other non-cash changes £m | 30 September 2018 £m |
|-----------------------------------|-------------------------|------------------|---------------------------------|----------------------------|
| Cash and cash equivalents | 0.7 | (0.4) | - | 0.3 |
| Debt due within one year | (3.1) | (5.4) | - | (8.5) |
| Debt due after more than one year | (16.9) | 1.0 | 0.2 | (15.7) |
| Net debt | (19.3) | (4.8) | 0.2 | (23.9) |

C. Reconciliation of movement in net (debt)/cash

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|--|---------------------|-----------------------|---------------------|-----------------------|
| Net (debt)/cash at start of year | (10.0) | (19.3) | 0.5 | (3.3) |
| (Decrease)/increase in cash and cash equivalents | (3.4) | (0.4) | 7.3 | 1.7 |
| Increase in borrowings | (4.4) | (4.4) | (11.2) | (11.3) |
| Borrowings acquired with subsidiaries | - | - | (6.9) | (6.9) |
| Finance leases entered into | - | - | (0.1) | - |
| Other non-cash changes | 0.3 | 0.2 | 0.5 | 0.5 |
| Exchange movements | (0.3) | - | (0.1) | - |
| Net debt at end of year | (17.8) | (23.9) | (10.0) | (19.3) |

Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and share awards which are measured at fair value.

The principal accounting policies applied in the preparation of the consolidated financial statements published in this 2018 Annual Report are set out on pages 78 to 82. These policies have been applied consistently to all years presented, unless otherwise stated.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee's (IFRS IC) interpretations as adopted by the European Union, applicable as at 30 September 2018, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The going concern basis has been adopted in preparing these financial statements as stated by the Directors on page 37.

Presentation of non-statutory measures

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

Adjustments are made in respect of:

Share-based payments – share-based payment expenses or credits, together with the associated social security costs, are excluded from the adjusted results of the Group as the Directors believe they result in a level of charge that would distort the user's view of the core trading performance of the Group. Details of share-based payments are shown in note 22.

Exceptional items – the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its size, is material and likely to be non-recurring in nature (in the medium term) so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

Amortisation of acquired intangible assets – the amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from non-trading investment activities. As such, they are not considered reflective of the core trading performance of the Group.

Non-trading foreign exchange gains and losses – certain other items are excluded from adjusted results where their inclusion distorts the comparability of core trading results year-on-year.

The tax related to adjusting items is the tax effect of the items above that are allowable deductions for tax purposes

calculated using the standard rate of corporation tax in the relevant jurisdiction.

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

| | 2018 £m | 2017 £m |
|--|------------|------------|
| Adjusted operating profit | 18.5 | 8.9 |
| Adjusted finance costs | (1.1) | (0.6) |
| Adjusted profit before tax | 17.4 | 8.3 |
| Adjusting items: | | |
| Share-based payments (including social security costs) | (3.1) | (2.1) |
| Exceptional items | (4.4) | (3.7) |
| Amortisation of acquired intangibles | (5.7) | (2.3) |
| Non-trading foreign exchange gain | 0.2 | - |
| Profit before tax | 4.4 | 0.2 |

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Future plc (the Company) and its subsidiary undertakings. Subsidiaries are all entities controlled by the Group. Control exists when the Group is either exposed to or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and includes the fair value of any asset or liability resulting from a

contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment reporting

The Group is organised and arranged primarily by geographical segment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers who are considered to be the Executive Directors of Future plc.

The Group also uses a sub-segment split of Media and Magazines for further analysis.

Revenue recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement once the service has been completed.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts and after eliminating sales within the Group. The following recognition criteria also apply:

- Magazine newsstand circulation and advertising revenue is recognised according to the date that the related publication goes on sale.

Financial statements

- Online advertising revenue is recognised over the period during which the advertisements are served.
- Revenue from the sale of digital magazine subscriptions is recognised uniformly over the term of the subscription.
- Event income is recognised when the event has taken place.
- Licensing revenue is recognised on the supply of the licensed content.
- Other revenue is recognised at the time of sale or provision of service.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, with exchange differences arising on trading transactions being reported in operating profit and with those arising on financing transactions reported in net finance costs unless, as a result of cash flow hedging, they are reported in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency

instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Employee benefits

(a) Pension obligations

The Group has a number of defined contribution plans. For defined contribution plans the Group pays contributions into a privately administered pension plan on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are charged to the income statement as they are incurred.

(b) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the awards. The calculation of fair value includes assumptions regarding the number of cancellations and excludes the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The grant by the Company of share awards to the employees of subsidiary undertakings is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company's financial statements.

Shares in the Company are held in trust to satisfy the exercise of awards under certain of the Group's share-based compensation plans and exceptional awards. The trust is consolidated within the Group financial statements. These shares are presented in the consolidated balance sheet as a deduction from equity at the market value on the date of acquisition.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders after certain

adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. All other leases are classed as operating leases.

Assets held under finance leases are included either as property, plant and equipment or intangible assets at the lower of their fair value at inception or the present value of the minimum lease payments and are depreciated over their estimated economic lives or the finance lease period, whichever is the shorter. The corresponding liability is recorded within borrowings. The interest element of the rental costs is charged against profits over the period of the lease using the actuarial method.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Tax

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is payable based on taxable profits for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, along with any adjustment relating to tax payable in previous years. Management periodically evaluates items detailed in tax returns where the tax treatment is subject to interpretation. Taxable profit differs from net profit in the income statement in that income or expense items that are taxable or deductible in other years are excluded – as are items that are never taxable or deductible. Current tax assets relate to payments on account not offset against current tax liabilities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted

or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled in the appropriate territory.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Certain deferred tax assets and liabilities are offset against each other where they relate to the same jurisdiction and there is a legally enforceable right to offset.

Dividends

All dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved.

Property, plant and equipment

Property, plant and equipment is stated at cost (or deemed cost) less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment less residual value over estimated useful lives, as follows:

- Land and buildings – 50 years or period of the lease if shorter.
- Plant and machinery – between one and five years.
- Equipment, fixtures and fittings – between one and five years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Intangible assets

(a) Goodwill

Goodwill represents the difference between the cost of the acquisition and the fair value of net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and it is not subject to amortisation but is tested annually for impairment.

(b) Titles, trademarks, customer lists, advertising relationships, eCommerce technology and other 'magazine and website related' intangibles

Magazine and website related intangible assets have a finite useful life and are stated at cost less accumulated amortisation. Assets acquired as part of a business combination are initially stated at fair value. Amortisation is calculated using the straight-line method to allocate the cost of these intangibles over their estimated useful lives (between one and ten years).

Expenditure incurred on the launch of new magazine titles is recognised as an expense in the income statement as incurred.

(c) Computer software and website development

Non-integral computer software purchases are stated at cost less accumulated amortisation. Costs incurred in the development of new websites are capitalised only where the cost can be directly attributed to developing the website to operate in the manner intended by management and only to the extent of the future economic benefits expected from its use. These costs are amortised on a straight-line basis over their estimated useful lives (between one and three years). Costs associated with maintaining computer software or websites are recognised as an expense as incurred.

Impairment tests and Cash-Generating Units (CGUs)

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is not amortised but tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. Therefore, the evolution of general economic and financial trends as well as actual economic performance compared to market expectations represent external indicators that are analysed by the Group, together with internal performance

indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 'Impairment of Assets' requires these tests to be performed at the level of each CGU or group of CGUs likely to benefit from acquisition-related synergies, within an operating segment.

Any impairment of goodwill is recorded in the income statement as a deduction from operating profit and is never reversed subsequently.

Other intangible assets with a finite life are amortised and are tested for impairment only where there is an indication that an impairment may have occurred.

Recoverable amount

To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to their recoverable amount.

Carrying values of CGUs and groups of CGUs tested include goodwill and assets with finite useful lives (property, plant and equipment, intangible assets and net working capital).

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. This estimate is determined, on 30 September, on the basis of the discounted present value of expected future cash flows plus a terminal value and reflects general market sentiment and conditions.

Value in use is the present value of the future cash flows expected to be derived from the CGUs or group of CGUs. Cash flow projections are based on economic assumptions and forecast trading conditions drawn up by the Group's management, as follows:

- cash flow projections are based on five-year business plans;
- cash flow projections beyond that time frame are extrapolated by applying a growth rate of between 0% and 3% to perpetuity; and
- the cash flows obtained are discounted using appropriate rates for the business and the territories concerned.

If goodwill has been allocated to a CGU and an operation within that CGU is disposed of, the goodwill associated with that operation is included in the carrying amount of the operation in determining

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the profit or loss on disposal. The goodwill allocated to the disposal is measured on the basis of the relative profitability of the operation disposed and the operations retained.

Inventories

Inventories are stated at the lower of cost and net realisable value. For raw materials, cost is taken to be the purchase price on a first in, first out basis. For finished goods, cost is calculated as the direct cost of production. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts for the purpose of the cash flow statement. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate risks and recognises these at fair value in its balance sheet. The Group applies cash flow hedge accounting under IAS 39 in respect of certain instruments held. For instruments for which hedge accounting is applied, gains and losses are taken to equity. Any changes to the fair value of derivatives not hedge accounted for are recognised in the income statement. Any new instruments entered into by the Group will be reviewed on a 'case by case' basis at inception to determine whether they should qualify as hedges and be accounted for accordingly under IAS 39. In accordance with its treasury policy, the Group does not hold or issue any derivative financial instruments for trading purposes.

Investments

The Company's investments in subsidiary undertakings are stated at the fair value of consideration payable, including related acquisition costs, less any provisions for impairment.

Exceptional items

The Group classifies transactions as exceptional where they relate to an event that falls outside the ordinary activities of the business and where individually or in aggregate they have a material impact on the financial statements. This classification excludes impairment charges made on the carrying value of CGUs or groups of CGUs. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance.

Critical accounting assumptions, judgements and estimates

The preparation of the financial statements under IFRS requires the use of certain critical accounting assumptions and requires management to exercise

its judgement and to make estimates in the process of applying the Group's accounting policies.

Critical judgements in applying the Group's accounting policies

The areas where the Board has made critical judgements in applying the Group's accounting policies (apart from those involving estimations which are dealt with separately below) are:

(a) Accounting for acquisitions

Management applies judgement in accounting for acquisitions, including identifying assets arising from the application of IFRS 3 'Business combinations' and undertaking Purchase Price Allocation exercises to allocate value between assets acquired. See note 27 for further detail.

(b) Exceptional items

Due to the significant acquisition related activity, there are a number of items considered exceptional in nature. In the current year these largely consist of acquisition and integration related costs of £4.3m, relating to the acquisitions of NewBay Media LLC and Purch Group LLC, as well as the titles from Haymarket Media Group. See notes 4 and 27 for further detail.

Key sources of estimation uncertainty

The following are areas of key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Taxation

Deferred tax assets have been recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The Group has accumulated substantial US tax losses in prior years, equating to a potential deferred tax asset of c. £7m as at 30 September 2018. The recognised deferred tax asset of £1.8m equates to the taxable losses expected to be used over a reasonably foreseeable period, using a blended federal and state tax rate of 24%. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and updated to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part, or all, of that deferred tax asset to be utilised. Beyond this reasonably foreseeable period there is considered to be too much uncertainty to meet the criteria for recognising deferred tax assets.

(b) Valuation of acquired intangible assets

Acquisitions may result in the recognition of intangible assets, such as titles, trademarks, customer lists, advertising relationships, publishing rights and eCommerce technology. These assets are valued using a discounted cash flow model or a relief from royalty method. In applying these valuation methods, a number of key assumptions are made in respect of discount rates, growth rates, royalty rates and the estimated life of intangibles. During the year, such estimates have been made regarding the purchase of the Haymarket titles, as well as the NewBay and Purch acquisitions. See notes 11 and 27 for further details.

(c) Carrying value of goodwill

The Group uses forecast cash flow information and estimates of future growth to assess whether goodwill is impaired. Key assumptions include the EBITDA margin allocated to each CGU, the growth rate to perpetuity and the discount rate. If the results of an operation in future years are adverse to the estimates used for impairment testing, impairment may be triggered at that point. Further details, including sensitivity testing, are included within note 11.

New or revised accounting standards and interpretations

There has been no material impact from the adoption of the following new or revised standards which are relevant to the Group:

- Amendments to IFRS 12 as a result of Annual improvements to IFRSs 2014-2016 Cycle.
- Amendment to IAS 7 Statement of Cash Flows.
- Amendment to IAS 12 Income Taxes.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 October 2018 or later periods but which the Group has chosen not to adopt early. These include the following standards which are relevant to the Group:

- Amendment to IFRS 2 Share-based payment to clarify the classification and measurement of share-based payment transactions.
- IFRS 9 Financial instruments.
- IFRS 15 Revenue from contracts with customers.
- IFRS 16 Leases.

- Annual improvements to IFRSs 2014-2016 Cycle (apart from the amendment to IFRS 12 effective in the current year).

- Annual improvements to IFRSs 2015-2017 Cycle.

IFRS 15 'Revenue from contracts with customers' includes new regulations for the recognition of revenue that are independent of a specific industry or transaction. The new standard replaces the current risk and reward approach of IAS 18 'Revenue' with a contract-based five-step model. In addition to substantially more extensive application guidance for the accounting treatment of revenue from contracts with customers, there are more detailed disclosure note requirements.

Application of the standard is mandatory for financial years beginning on or after 1 January 2018 and the Group has not elected to early-adopt the standard so the Group will therefore apply the new standard for the first time from 1 October 2018. The Group has elected to apply the fully retrospective method for initial application, applying IFRS 15 retrospectively (and restating comparatives) from the period beginning 1 October 2017.

As part of the implementation, the Group has conducted a thorough analysis of all material revenue streams and customer contracts and reviewed sales and accounting processes to identify the need for changes. The Directors have assessed the anticipated impact of implementing IFRS 15 on the Group balance sheet and income statement for the year ended 30 September 2018 based on the revenues generated during the year and balance sheet position as at 30 September 2018.

The following impact has been identified for the Group:

Print and digital magazine newstrade and subscription revenue, and digital advertising revenues and expenses will change as a result of the new standard. Based on the enhanced guidance around the principal/agent approach, revenue will be recognised as the amount paid by the end consumer, rather than the amount remitted by the agent, and related commissions paid to agents will be recognised as an expense within cost of sales. We do not expect a material impact on transition relating to any other revenue streams within the Group.

Based on the Group's income statement for the year ended 30 September 2018, the Directors expect an increase in revenue of £6.2m, along with an increase in cost of sales of £6.2m. The Directors do not expect any impact on the balance sheet as a result of these changes.

IFRS 9 'Financial Instruments' is effective for the Group for the year ending 30 September 2019. Applying IFRS 9 will result in changes to the measurement and disclosure of financial instruments and introduces a new expected loss impairment model. The Group does not currently expect adoption of the standard to have a significant impact on its consolidated results or financial position, but will result in increased disclosure.

The Group is continuing to assess the impact of adopting IFRS 16, which will be effective for the year ending 30 September 2020.

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

Notes to the financial statements

1. Segmental reporting

The Group is organised and arranged primarily by reportable segment. The Executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size.

(a) Reportable segment

(i) Segment revenue

| | 2018 £m | 2017 £m |
|--------------------------|--------------|-------------|
| UK | 92.5 | 67.2 |
| US | 39.9 | 19.1 |
| Revenue between segments | (7.8) | (1.9) |
| Total | 124.6 | 84.4 |

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

(ii) Segment adjusted EBITDA

| | 2018 £m | | | 2017 £m | | |
|--------------|-------------------------------------|---------------------------------|--------------------------|-------------------------------------|---------------------------------|--------------------------|
| | Underlying adjusted EBITDA £m | Intragroup adjustments £m | Adjusted EBITDA £m | Underlying adjusted EBITDA £m | Intragroup adjustments £m | Adjusted EBITDA £m |
| UK | 7.5 | 7.8 | 15.3 | 5.0 | 1.9 | 6.9 |
| US | 13.2 | (7.8) | 5.4 | 6.0 | (1.9) | 4.1 |
| Total | 20.7 | - | 20.7 | 11.0 | - | 11.0 |

Adjusted EBITDA is used by the Executive Directors to assess the performance of each segment. The table above shows the impact of intragroup adjustments on the adjusted EBITDA of each segment.

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

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

| | 2018 £m | 2017 £m |
|--|-------------|------------|
| Total segment adjusted EBITDA | 20.7 | 11.0 |
| Share-based payments (including social security costs) | (3.1) | (2.1) |
| Depreciation | (0.6) | (0.3) |
| Amortisation | (7.3) | (4.1) |
| Exceptional items | (4.4) | (3.7) |
| Net finance costs | (0.9) | (0.6) |
| Profit before tax | 4.4 | 0.2 |

(iii) Segment assets and liabilities

| | Segment assets | | Segment liabilities | | Segment net assets | |
|--------------|----------------|------------|---------------------|------------|--------------------|------------|
| | 2018 £m | 2017 £m | 2018 £m | 2017 £m | 2018 £m | 2017 £m |
| UK | 123.7 | 113.9 | (62.3) | (56.5) | 61.4 | 57.4 |
| US | 131.0 | 8.5 | (19.8) | (4.6) | 111.2 | 3.9 |
| Total | 254.7 | 122.4 | (82.1) | (61.1) | 172.6 | 61.3 |

(iv) Other segment information

| | Non-current assets | | Additions to non-current assets | | Depreciation and amortisation | | Exceptional items | |
|--------------|--------------------|------------|------------------------------------|------------|----------------------------------|------------|-------------------|------------|
| | 2018 £m | 2017 £m | 2018 £m | 2017 £m | 2018 £m | 2017 £m | 2018 £m | 2017 £m |
| UK | 101.8 | 93.5 | 15.4 | 64.5 | 6.8 | 4.3 | 1.8 | 2.4 |
| US | 103.5 | - | 104.5 | - | 1.1 | 0.1 | 2.6 | 1.3 |
| Total | 205.3 | 93.5 | 119.9 | 64.5 | 7.9 | 4.4 | 4.4 | 3.7 |

Other than the items disclosed above and a share-based payments charge of £2.6m (2017: £1.8m) there were no other significant non-cash expenses during the year.

(b) Business segment

After geographical location, the Group is managed in two segments. The Media segment comprises websites and events and the Magazine segment comprises magazines. An additional segment, Other, was retained to reflect unallocated salaries and other direct costs which are not directly charged to the business segments for internal reporting purposes. The Group considers that the assets within each segment are exposed to the same risks.

(i) Revenue by business segment

| | 2018 £m | 2017 £m |
|--------------------------|--------------|-------------|
| Media | 71.9 | 35.8 |
| Magazine | 60.5 | 50.5 |
| Revenue between segments | (7.8) | (1.9) |
| Total | 124.6 | 84.4 |

(ii) Gross profit by business segment

| | 2018 £m | 2017 £m |
|---------------------------------|-------------|-------------|
| Media | 54.2 | 27.6 |
| Magazine | 39.7 | 33.4 |
| Other | (44.1) | (31.8) |
| Add back: distribution expenses | 5.5 | 4.7 |
| Total | 55.3 | 33.9 |

Revenue of £19.1m (2017: £19.7m) and £13.2m (2017: £8.8m) arose from sales to the Group's two largest single customers, being groups of companies under common control. No other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior year.

2. Net operating expenses

Operating profit is stated after charging:

| | Adjusted results £m | 2018 Adjusting items £m | Statutory results £m | Adjusted results £m | 2017 Adjusting items £m | Statutory results £m |
|--|---------------------------|----------------------------------|----------------------------|---------------------------|----------------------------------|----------------------------|
| Cost of sales | (69.3) | - | (69.3) | (50.5) | - | (50.5) |
| Distribution expenses | (5.5) | - | (5.5) | (4.7) | - | (4.7) |
| Share-based payments (including social security costs) | - | (3.1) | (3.1) | - | (2.1) | (2.1) |
| Exceptional items (note 4) | - | (4.4) | (4.4) | - | (3.7) | (3.7) |
| Depreciation | (0.6) | - | (0.6) | (0.3) | - | (0.3) |
| Amortisation | (1.6) | (5.7) | (7.3) | (1.8) | (2.3) | (4.1) |
| Other administration expenses | (29.1) | - | (29.1) | (18.2) | - | (18.2) |
| | (106.1) | (13.2) | (119.3) | (75.5) | (8.1) | (83.6) |

3. Fees paid to auditors

| | 2018 £m | 2017 £m |
|---|-------------|-------------|
| Audit fees in respect of the audit of the financial statements of the Company and the consolidated financial statements | 0.19 | 0.16 |
| Audit related assurance services | 0.02 | 0.02 |
| Other assurance services ¹ | 0.47 | 0.29 |
| Services relating to corporate finance transactions | - | 0.06 |
| Other non-audit services | 0.02 | - |
| Total fees | 0.70 | 0.53 |

1. Other assurance services relate to reporting accountant services for the rights issue and prospectus associated with the acquisition of Purch Group LLC.

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4. Exceptional items

| | 2018 £m | 2017 £m |
|---|--------------|------------|
| Vacant property provision movements | (0.1) | 1.2 |
| Restructuring and redundancy costs | 0.2 | 1.1 |
| Acquisition and integration related costs | 4.3 | 1.4 |
| Total charge | 4.4 | 3.7 |

The vacant property provision movement (£0.9m credit in the UK, £0.8m charge in the US) relates to surplus office space in the UK and the US.

The restructuring and redundancy costs relate mainly to staff termination payments and other restructuring activities.

The acquisition and integration related costs represent fees incurred in respect of the acquisitions and subsequent integrations of Purch Group LLC, NewBay Media LLC and the specialist consumer titles purchased from Haymarket Media Group.

Further details in respect of the acquisitions are shown in note 27.

5. Employee costs

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|--------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| Wages and salaries | 33.7 | 0.3 | 26.0 | 0.3 |
| Social security costs | 2.8 | - | 2.5 | - |
| Other pension costs | 1.0 | - | 0.6 | - |
| Share schemes | | | | |
| - Value of employees' services | 2.6 | - | 1.8 | - |
| Total employee costs | 40.1 | 0.3 | 30.9 | 0.3 |

| Average monthly number of people (including Directors) | Group 2018 No. | Company 2018 No. | Group 2017 No. | Company 2017 No. |
|---|----------------------|------------------------|----------------------|------------------------|
| Production | 519 | - | 471 | - |
| Administration | 179 | 6 | 111 | 4 |
| Total | 698 | 6 | 582 | 4 |

At 30 September 2018, the actual number of people employed by the Group was 1,004 (2017: 634). In respect of our reportable segments 667 (2017: 592) were employed in the UK and 337 (2017: 42) were employed in the US.

Key management personnel compensation

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|---|---------------------|-----------------------|---------------------|-----------------------|
| Salaries and other short-term employee benefits | 1.6 | 0.3 | 1.4 | 0.3 |
| Post employment benefits | 0.1 | - | 0.1 | - |
| Share schemes | | | | |
| - Value of employees' services | 1.2 | - | 1.3 | - |
| Total | 2.9 | 0.3 | 2.8 | 0.3 |

Key management personnel are deemed to be the members of the Board of Future plc. It is this Board which has responsibility for planning, directing and controlling the activities of the Group.

Zillah Byng-Thorne and Penny Ladkin-Brand were paid by Future Publishing Limited, a subsidiary company, for their services. In 2018 £0.4m (2017: £0.4m) was recharged to Future plc by Future Publishing Limited in respect of Zillah Byng-Thorne and £0.2m (2017: £0.2m) was recharged in respect of Penny Ladkin-Brand.

Further details on the Directors' remuneration and interests are given in the Directors' remuneration report on pages 51 to 60. The highest paid Director during the year was Zillah Byng-Thorne (2017: Zillah Byng-Thorne) and details of her remuneration are shown on page 54.

6. Finance income and costs

| | 2018 £m | 2017 £m |
|---|------------|------------|
| Fair value gain on interest rate derivative not in a hedge relationship | - | 0.1 |
| Total finance income | - | 0.1 |
| Interest payable on interest-bearing loans and borrowings | (0.9) | (0.4) |
| Amortisation of bank loan arrangement fees | (0.2) | (0.2) |
| Other finance costs | - | (0.1) |
| Adjusted finance costs | (1.1) | (0.7) |
| Non-trading foreign exchange gain | 0.2 | - |
| Total reported finance costs | (0.9) | (0.7) |
| Net finance costs | (0.9) | (0.6) |

7. Tax on profit

The tax charged/(credited) in the consolidated income statement is analysed below:

| | 2018 £m | 2017 £m |
|---|------------|------------|
| Corporation tax | | |
| Current tax at 19% (2017: 19.5%) on the profit for the year | 1.8 | 0.6 |
| Adjustments in respect of previous years | 0.1 | 0.2 |
| Current tax charge | 1.9 | 0.8 |
| Deferred tax origination and reversal of temporary differences | | |
| Current year charge/(credit) | 0.5 | (2.0) |
| Adjustments in respect of previous years | (0.9) | (0.2) |
| Deferred tax | (0.4) | (2.2) |
| Total tax charge/(credit) | 1.5 | (1.4) |

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

| | 2018 £m | 2017 £m |
|--|------------|------------|
| Profit before tax | 4.4 | 0.2 |
| Profit before tax at the standard UK tax rate of 19% (2017: 19.5%) | 0.8 | - |
| Losses not previously recognised | (1.0) | (0.7) |
| Expenses not deductible for tax purposes | 1.0 | 0.6 |
| Share-based payments | (0.2) | - |
| Overseas tax rates/credits | 0.5 | (1.3) |
| Difference in tax rates | 1.2 | - |
| Adjustments in respect of previous years | (0.8) | - |
| Total tax charge/(credit) | 1.5 | (1.4) |

In 2013 the Group reached agreement with HMRC relating to the tax treatment of certain one-off transactions which took place in 2003. Part of that agreement resulted in the Group paying tax of £6.2m plus interest (comprising instalments of £85,000 per month over five years from July 2013 and a final instalment of £2.0m), which was fully settled in June 2018.

The difference in tax rates contains an adjustment to the US deferred tax asset, following the tax rate reforms contained in the Tax Cuts & Jobs Act of 2017 which means that deferred tax in the US is now recognised at a blended federal and state rate of 24% (2017: 38%).

The Directors have assessed the Group's uncertain tax positions and are comfortable that the provisions in place are not material either individually or in aggregate and that a reasonably possible change in the next financial year would not have material impact on the results of the Group.

The prior year adjustment contains an adjustment to the US deferred tax asset in respect of the US intangible assets, which are fully tax deductible over 15 years.

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8. Dividends

| Equity dividends | 2018 | 2017 |
|--|-------------|------|
| Number of shares in issue at end of year (million) | 81.5 | 45.4 |
| Dividends paid in year (pence per share) | - | - |
| Dividends paid in year (£m) | - | - |

9. Earnings per share

| | 2018 | | | Restated 2017* | | |
|-----------------------------------|------------------------|-----------------------|-------------------------|-------------------------|----------------------|-------------------------|
| | Adjusted results pence | Adjusting items pence | Statutory results pence | Adjusting results pence | Adjusted items pence | Statutory results pence |
| Basic earnings/(loss) per share | 26.2 | (21.1) | 5.1 | 19.7 | (16.0) | 3.7 |
| Diluted earnings/(loss) per share | 24.3 | (19.6) | 4.7 | 18.4 | (15.0) | 3.4 |

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

Adjusted earnings per share remove the effect of share-based payments, exceptional items, amortisation of intangible assets arising on acquisitions, impairment of intangible assets, exchange gains and losses included in finance costs and any related tax effects from the calculation.

| Total Group | 2018 | Restated 2017* |
|---|-------------------|----------------|
| Adjustments to profit after tax: | | |
| Profit after tax (£m) | 2.9 | 1.6 |
| Share-based payments (including social security costs) (£m) | 3.1 | 2.1 |
| Exceptional items (£m) | 4.4 | 3.7 |
| Amortisation of intangible assets arising on acquisitions (£m) | 5.7 | 2.3 |
| Exchange gains included in finance costs (£m) | (0.2) | - |
| Tax effect of the above adjustments (£m) | (1.0) | (1.1) |
| Adjusted profit after tax (£m) | 14.9 | 8.6 |
| Weighted average number of shares in issue during the year: | | |
| - Basic | 56,886,851 | 43,601,771 |
| - Dilutive effect of share options | 4,453,155 | 3,126,287 |
| - Diluted | 61,340,006 | 46,728,058 |
| Basic earnings per share (in pence) | 5.1 | 3.7 |
| Adjusted basic earnings per share (in pence) | 26.2 | 19.7 |
| Diluted earnings per share (in pence) | 4.7 | 3.4 |
| Adjusted diluted earnings per share (in pence) | 24.3 | 18.4 |
| The adjustments to profit after tax have the following effect: | | |
| Basic earnings per share (pence) | 5.1 | 3.7 |
| Share-based payments (including social security costs) (pence) | 5.4 | 4.8 |
| Exceptional items (pence) | 7.7 | 8.5 |
| Amortisation of intangible assets arising on acquisitions (pence) | 10.0 | 5.3 |
| Exchange gains included in finance costs (pence) | (0.3) | - |
| Tax effect of the above adjustments (pence) | (1.7) | (2.6) |
| Adjusted basic earnings per share (pence) | 26.2 | 19.7 |
| Diluted earnings per share (pence) | 4.7 | 3.4 |
| Share-based payments (including social security costs) (pence) | 5.1 | 4.5 |
| Exceptional items (pence) | 7.2 | 7.9 |
| Amortisation of intangible assets arising on acquisitions (pence) | 9.3 | 4.9 |
| Exchange gains included in finance costs (pence) | (0.3) | - |
| Tax effect of the above adjustments (pence) | (1.7) | (2.3) |
| Adjusted diluted earnings per share (pence) | 24.3 | 18.4 |

* 2017 figures have been restated to reflect the bonus element of the rights issue that took place in August 2018.

10. Property, plant and equipment

| Group | Land and buildings £m | Plant and machinery £m | Equipment, fixtures and fittings £m | Total £m |
|--|--------------------------|---------------------------|--|--------------|
| Cost | | | | |
| At 1 October 2016 | 0.5 | 3.3 | 0.3 | 4.1 |
| Additions through business combinations | - | 0.1 | - | 0.1 |
| Other additions | 0.2 | 0.2 | 0.3 | 0.7 |
| At 30 September 2017 | 0.7 | 3.6 | 0.6 | 4.9 |
| Other additions | 0.3 | 0.9 | 0.1 | 1.3 |
| At 30 September 2018 | 1.0 | 4.5 | 0.7 | 6.2 |
| Accumulated depreciation | | | | |
| At 1 October 2016 | (0.3) | (3.1) | (0.2) | (3.6) |
| Charge for the year | - | (0.2) | (0.1) | (0.3) |
| At 30 September 2017 | (0.3) | (3.3) | (0.3) | (3.9) |
| Charge for the year | (0.1) | (0.4) | (0.1) | (0.6) |
| At 30 September 2018 | (0.4) | (3.7) | (0.4) | (4.5) |
| Net book value at 30 September 2018 | | | | |
| Net book value at 30 September 2017 | 0.4 | 0.3 | 0.3 | 1.0 |
| Net book value at 1 October 2016 | 0.2 | 0.2 | 0.1 | 0.5 |

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

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11. Intangible assets

| Group | Goodwill £m | Magazine and website £m | Other £m | Total £m |
|--|----------------|-------------------------------|---------------|----------------|
| Cost | | | | |
| At 1 October 2016 | 293.9 | 14.3 | 17.5 | 325.7 |
| Additions through business combinations | 36.6 | 25.5 | 0.1 | 62.2 |
| Other additions | - | - | 1.5 | 1.5 |
| Adjustments to fair value on prior year acquisitions | (0.2) | - | - | (0.2) |
| Disposals | - | (1.4) | - | (1.4) |
| Exchange adjustments | (1.1) | (0.2) | (0.3) | (1.6) |
| At 30 September 2017 | 329.2 | 38.2 | 18.8 | 386.2 |
| Additions through business combinations | 34.1 | 83.3 | - | 117.4 |
| Other additions | - | - | 1.2 | 1.2 |
| Adjustments to fair value on prior year acquisitions | (0.2) | - | - | (0.2) |
| Exchange adjustments | 0.9 | 0.1 | - | 1.0 |
| At 30 September 2018 | 364.0 | 121.6 | 20.0 | 505.6 |
| Accumulated amortisation and impairment | | | | |
| At 1 October 2016 | (264.4) | (13.2) | (14.9) | (292.5) |
| Charge for the year | - | (2.3) | (1.8) | (4.1) |
| Disposals | - | 1.1 | - | 1.1 |
| Exchange adjustments | 1.0 | 0.2 | 0.4 | 1.6 |
| At 30 September 2017 | (263.4) | (14.2) | (16.3) | (293.9) |
| Charge for the year | - | (5.7) | (1.6) | (7.3) |
| Exchange adjustments | (0.8) | (0.2) | - | (1.0) |
| At 30 September 2018 | (264.2) | (20.1) | (17.9) | (302.2) |
| Net book value at 30 September 2018 | 99.8 | 101.5 | 2.1 | 203.4 |
| Net book value at 30 September 2017 | 65.8 | 24.0 | 2.5 | 92.3 |
| Net book value at 1 October 2016 | 29.5 | 1.1 | 2.6 | 33.2 |

Acquired intangibles relate mainly to trademarks, advertising relationships, publishing rights and customer lists. These assets are amortised over their estimated economic lives, typically ranging between one and ten years.

Any residual amount arising as a result of the purchase consideration being in excess of the value of acquired assets is recorded as goodwill. Goodwill is not amortised under IFRS, but is subject to impairment testing at least annually or more frequently on the occurrence of some triggering event. Goodwill is recorded and tested for impairment on a territory by territory basis.

Further details regarding the intangible assets acquired during the year through business combinations are set out in note 27.

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

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

Impairment assessments for goodwill

The net book value of goodwill at 30 September 2018 consists of £72.8m relating to the UK and £27.0m relating to the US. The goodwill at 30 September 2017 related wholly to the UK.

The basis for calculating recoverable amounts is described in the accounting policies.

Trends in the economic and financial environment, competition and regulatory authorities' decisions, or changes in competitor behaviour in response to the economic environment may affect the estimate of recoverable amounts, as will unforeseen changes in the political, economic or legal systems of some countries.

11. Intangible assets (continued)

Other assumptions that influence estimated recoverable amounts are set out below:

At 30 September 2018

| | UK | US |
|--|---|---|
| Basis of recoverable amount Source used | Value in use Five year plans Discounted cash flow | Value in use Five year plans Discounted cash flow |
| Growth rate to perpetuity | 0.0% | 3.0% |
| EBITDA margins assumed | 17.7% to 19.7% | 21.8% to 24.2% |
| Post-tax discount rate | 9.0% | 9.0% |
| Pre-tax discount rate | 11.8% | 11.8% |

At 30 September 2017

| | UK |
|--|---|
| Basis of recoverable amount Source used | Value in use Five year plans Discounted cash flow |
| Growth rate to perpetuity | 2.0% |
| EBITDA margins assumed | 12.0% to 12.9% |
| Post-tax discount rate | 7.7% |
| Pre-tax discount rate | 9.4% |

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption | Approach used to determining values |
|-----------------------------|---|
| Growth rate into perpetuity | This is the growth rate used to extrapolate cash flows beyond the period of the three-year plan. The rates are consistent with forecasts included in industry reports. |
| EBITDA margins assumed | EBITDA margin is based on budgeted and forecast margins from the Group's three-year plan (based on past performance and management's expectations for the future), adjusted to include intragroup management and licence charges. |
| Post-tax discount rate | The pre-tax discount rate adjusted for the impact of tax. |
| Pre-tax discount rate | Reflects risks relevant to each CGU and the country in which they operate. |

Sensitivity of recoverable amounts

At 30 September 2018 the analysis of the recoverable amounts gave rise to the following assessments of sensitivity:

The value in use of the UK business and the value in use of the US business exceeded their carrying values by £31.0m and £106.4m respectively. A change of plus 50 basis points in the post-tax discount rate would decrease the recoverable amount of the UK business by £5.2m and the US business by £12.4m. A change of minus 50 basis points in the post-tax discount rate would increase the recoverable amount of the UK business by £5.8m and the US business by £12.4m. All other assumptions remaining constant, EBITDA margin in the three-year plan would need to reduce to 14.5% in the UK and 12.6% in the US to trigger an impairment of either CGU. This is considered to be a reasonably possible change.

Goodwill is not considered to be impaired at 30 September 2018.

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12. Investments in Group undertakings

| Company | 2018 £m | 2017 £m |
|-------------------------------------|------------|------------|
| Shares in Group undertakings | | |
| At 1 October | 19.5 | 1.0 |
| Additions | 104.1 | 18.5 |
| At 30 September | 123.6 | 19.5 |

Additions of £101.1m represent an increased investment in Future Holdings 2002 Limited arising as a result of the capitalisation of amounts owed to the Company by other Group companies as a result of the approach to funding the NewBay Media LLC and Purch Group LLC acquisitions.

The remaining addition of £3.0m represents the fair value of share-based compensation awards granted to employees of subsidiary undertakings of Future Holdings 2002 Limited, and related social security costs, treated as a capital contribution to that company.

The Directors believe that the carrying values of the investments are supported by their underlying assets.

13. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior years.

| | Intangible assets £m | Share-based payments £m | Temporary differences £m | Depreciation vs tax allowances £m | Tax losses £m | Total £m |
|------------------------------|-------------------------|----------------------------|-----------------------------|--------------------------------------|------------------|--------------|
| At 1 October 2016 | (0.9) | - | 0.2 | 0.5 | 1.7 | 1.5 |
| Acquisitions | (4.3) | - | - | - | - | (4.3) |
| Credited to income statement | 0.6 | 0.3 | - | 0.1 | 1.2 | 2.2 |
| Credited to equity | - | 0.5 | - | - | - | 0.5 |
| Exchange adjustment | - | - | - | - | (0.1) | (0.1) |
| At 30 September 2017 | (4.6) | 0.8 | 0.2 | 0.6 | 2.8 | (0.2) |
| Acquisitions | (1.1) | - | - | - | - | (1.1) |
| Credited to income statement | 0.8 | 0.5 | - | - | (0.9) | 0.4 |
| Credited to equity | - | 1.1 | - | - | - | 1.1 |
| At 30 September 2018 | (4.9) | 2.4 | 0.2 | 0.6 | 1.9 | 0.2 |

Certain deferred tax assets and liabilities have been offset against each other where they relate to the same jurisdiction. The following is the analysis of deferred tax balances after offset for balance sheet purposes:

| | 2018 £m | 2017 £m |
|---|------------|--------------|
| Deferred tax assets | 5.3 | 4.4 |
| Deferred tax liabilities | (5.1) | (4.6) |
| Net deferred tax asset/(liability) | 0.2 | (0.2) |

The deferred tax asset of £5.3m (2017: £4.4m) is disclosed as a non-current asset of which the assets due within one year total £0.5m (2017: £0.4m). The deferred tax liability of £5.1m (2017: £4.6m) is disclosed as a non-current liability of which the liabilities due within one year total £0.8m (2017: £0.7m).

As at 30 September 2018 the Group has:

- unprovided tax losses totalling £33.0m (2017: £33.1m) of which £28.2m (2017: £29.0m) arose in the US; and
- unprovided other temporary differences in the US totalling £nil (2017: £2.0m).

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as any remitted earnings would not give rise to a tax liability in the foreseeable future. See note 7 for the impact of any changes in tax rates compared to the previous accounting period which have been substantively enacted and have impacted the measurement of deferred tax balances.

The deferred tax asset of £2.2m (2017: £0.8m) recognised on the Company's balance sheet is in respect of share-based payments. The Company has no unprovided deferred tax assets or liabilities at 30 September 2018 (2017: £nil).

14. Trade and other receivables

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|--|---------------------|-----------------------|---------------------|-----------------------|
| Current assets: | | | | |
| Trade receivables | 32.7 | - | 11.9 | - |
| Provisions for impairment of trade receivables | (3.3) | - | (2.2) | - |
| Trade receivables net | 29.4 | - | 9.7 | - |
| Amounts owed by Group undertakings | - | 79.7 | - | 74.4 |
| Other receivables | 2.4 | - | 0.4 | - |
| Prepayments and accrued income | 5.8 | - | 3.5 | - |
| Total | 37.6 | 79.7 | 13.6 | 74.4 |

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Group has provided for estimated irrecoverable amounts in accordance with its accounting policy described on page 81 of these financial statements.

Credit checks are obtained and, if applicable, guarantees put in place before a new customer is accepted and terms and credit limits are agreed. Bookings are not taken before these factors have been fulfilled. In addition, annual credit checks are carried out and fully documented. Final decisions on credit terms are made by an appropriate senior manager within advertising or finance. In the event of a request to increase a customer's credit limit the following factors will be considered: trading history to date, review of credit status and review of the reason for the increase. Included within the Group's trade receivables balance are receivables with a carrying amount of £14.6m (2017: £4.6m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. These relate to advertising, events and licensing debtors in the UK and US. The Group does not hold any security over these balances. A breakdown of the ageing is set out below:

| | Group 2018 £m | Group 2017 £m |
|-----------------|---------------------|---------------------|
| Past due | | |
| 0-30 days | 6.3 | 2.9 |
| 31-60 days | 4.0 | 1.3 |
| 61-90 days | 2.5 | 0.3 |
| 91+ days | 1.8 | 0.1 |
| Total | 14.6 | 4.6 |

As at 30 September 2018, trade receivables of £3.3m (2017: £2.2m) were impaired and provided for. The individually impaired receivables mainly relate to advertising, events and licensing customers. It is assessed that a portion of the receivables is expected to be recovered.

The movement in the Group provision for trade receivables during the year is as follows:

| | Group 2018 £m | Group 2017 £m |
|---|---------------------|---------------------|
| At 1 October | 2.2 | 0.6 |
| Provision for receivables impaired | 0.7 | 0.5 |
| On acquisition | 1.5 | 1.3 |
| Receivables written off during the year | (1.1) | (0.2) |
| At 30 September | 3.3 | 2.2 |

The creation and release of provisions for impaired receivables have been included in administration expenses in the income statement. Amounts charged to the provision are written off when there is no realistic expectation of recovering additional cash.

The other asset classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security for trade receivables.

All the Company's receivables are with Group undertakings and no additional disclosure in relation to credit risk is required. Interest on £5.4m (2017: £0.3m) of the amounts owed by Group undertakings has been charged at one-month USD LIBOR plus 2%. The balance of amounts owed by Group undertakings is interest-free without any terms for repayment.

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15. Cash and cash equivalents

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

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|----------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| Cash at bank and in hand | 6.4 | 0.3 | 10.1 | 0.7 |
| Cash and cash equivalents | 6.4 | 0.3 | 10.1 | 0.7 |

The Group has a number of authorised counterparties with whom cash balances are held in the countries in which the Group operates. Credit risk is minimised by considering the credit standing of all potential bankers before selecting them by the use of external credit ratings. All of the Group's cash at bank is held at counterparties with an S+P credit rating of at least BBB+.

16. Trade and other payables

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| Trade payables | 4.9 | - | 2.5 | - |
| Amounts owed to Group undertakings | - | 0.5 | - | 0.7 |
| Other taxation and social security | 2.6 | - | 0.9 | - |
| Other payables | 2.7 | - | 0.7 | - |
| Accruals and deferred income | 38.2 | 0.5 | 25.8 | 0.2 |
| Total | 48.4 | 1.0 | 29.9 | 0.9 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

17. Financial liabilities – loans, borrowings and overdrafts

Non-current liabilities

| | Interest rate at 30 September 2018 | Interest rate at 30 September 2017 | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|-------------------------|--|--|---------------------|-----------------------|---------------------|-----------------------|
| Sterling term loan | 3.0% | 2.8% | 7.6 | 7.6 | 10.0 | 10.0 |
| Sterling revolving loan | 3.0% | 2.8% | 8.1 | 8.1 | 6.9 | 6.9 |
| Total | | | 15.7 | 15.7 | 16.9 | 16.9 |

Current liabilities

| | Interest rate at 30 September 2018 | Interest rate at 30 September 2017 | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|----------------------------------|--|--|---------------------|-----------------------|---------------------|-----------------------|
| Sterling term loan | 3.0% | 2.8% | 2.3 | 2.3 | 1.8 | 1.8 |
| Sterling revolving loan | 3.0% | 2.8% | 0.9 | 0.9 | 1.3 | 1.3 |
| US dollar term loan | 4.8% | - | 5.3 | 5.3 | - | - |
| Obligations under finance leases | | 0.0% | - | - | 0.1 | - |
| Total | | | 8.5 | 8.5 | 3.2 | 3.1 |

The interest-bearing loans are repayable as follows:

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|----------------------------|---------------------|-----------------------|---------------------|-----------------------|
| Within one year | 8.8 | 8.8 | 3.2 | 3.1 |
| Between one and two years | 4.9 | 4.9 | 3.3 | 3.3 |
| Between two and five years | 11.0 | 11.0 | 13.6 | 13.6 |
| Total | 24.7 | 24.7 | 20.1 | 20.0 |

Following the acquisition of NewBay Media LLC on 3 April 2018, the Group negotiated a new bank facility of \$7.0m US dollars with HSBC Bank plc. The new facilities run to 3 July 2019.

The total multicurrency revolving and overdraft facility available to the Group at 30 September 2018 amounted to £28.2m, comprising £15.6m of UK and US term loans (including a \$7.0m US dollar loan), a total of £10.6m revolving credit facilities and a £2.0m uncommitted overdraft facility. The facilities run to 23 June 2021. Repayments required in respect of the facilities are as follows:

| Repayment date | Repayment amount |
|-----------------------------------|------------------|
| 3 July 2019 (US dollar term loan) | \$7,000,000 |
| 30 September 2019 | £3,400,000 |
| 30 September 2020 | £4,850,000 |
| 23 June 2021 | £11,050,000 |

The Group has granted security to the bank and the availability of the facility is subject to certain covenants.

Total fees relating to the new facility amounted to £0.1m and these are being amortised over the term of the facility. The bank borrowings and interest are guaranteed by Future plc.

Interest payable under the current credit facility for sterling denominated loans is calculated as the cost of one-month LIBOR (currently approximately 0.7%) plus an interest margin of between 2.0% and 2.5%, dependent on the level of Bank EBITDA.

Interest payable under the current credit facility for the US dollar denominated loan is calculated as the cost of one-month USD LIBOR (currently approximately 2.3%) plus an interest margin of between 2.0% and 2.5%.

The key covenants are set out in the following table where net debt is exclusive of non-current tax and other payables and Bank EBITDA is not materially different to statutory EBITDA.

| | |
|----------------------|---|
| Net debt/Bank EBITDA | Periods from 31 March 2017 – less than 2.25 times |
| Bank EBITDA/Interest | Periods from 31 March 2017 – more than 4.00 times |

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17. Financial liabilities – loans, borrowings and overdrafts (continued)

The covenants are tested quarterly on the basis of rolling figures for the preceding 12 months and the covenant position at the year-end is set out in the following table:

| | 30 September 2018 | Covenant |
|----------------------|-------------------|--------------|
| Net debt/Bank EBITDA | 1.12 times | < 2.25 times |
| Bank EBITDA/Interest | 28.43 times | > 4.00 times |

The Company had not drawn down on its non-interest-bearing overdraft at 30 September 2018 or at 30 September 2017. Any draw down forms part of the Group cash pooling account and can be offset against cash balances in other Group companies.

18. Provisions

| Group | Property £m |
|-----------------------------|----------------|
| At 1 October 2017 | 2.6 |
| Charged in the year | 1.4 |
| Released in the year | (1.0) |
| Utilised in the year | (0.2) |
| At 30 September 2018 | 2.8 |

The provision for property relates to dilapidations and obligations under short leasehold agreements on vacant property. The vacant property provision is expected to be utilised over the next nine years.

Provisions for the Company were £nil (2017: £nil).

19. Other non-current liabilities

| Group | 2018 £m | 2017 £m |
|----------------|------------|------------|
| Other payables | 0.5 | 0.6 |

Other payables consist mainly of deferred property lease liabilities.

20. Financial instruments

Financial instruments by category

The Group's financial assets and financial liabilities are set out below:

| Group | Note | Amortised cost | | 2018 | |
|------------------------------------|------|--------------------------------|----------------------------|----------------------------|---------------------------|
| | | Loans and receivables £m | Other liabilities £m | Total carrying value £m | Total fair value £m |
| Trade receivables net | 14 | 29.4 | - | 29.4 | 29.4 |
| Other receivables | | 2.4 | - | 2.4 | 2.4 |
| Cash and cash equivalents | 15 | 6.4 | - | 6.4 | 6.4 |
| Total financial assets | | 38.2 | - | 38.2 | 38.2 |
| Trade payables | 16 | - | (4.9) | (4.9) | (4.9) |
| Other liabilities | | - | (33.9) | (33.9) | (33.9) |
| Current borrowings | 17 | - | (8.5) | (8.5) | (8.5) |
| Non-current borrowings | 17 | - | (15.7) | (15.7) | (15.7) |
| Total financial liabilities | | - | (63.0) | (63.0) | (63.0) |

20. Financial instruments (continued)

| Group | Note | Fair value | Amortised cost | | 2017 | |
|------------------------------------|------|-------------------|--------------------------------|----------------------------|----------------------------|---------------------------|
| | | Derivatives £m | Loans and receivables £m | Other liabilities £m | Total carrying value £m | Total fair value £m |
| Trade receivables net | 14 | - | 9.7 | - | 9.7 | 9.7 |
| Other receivables | | - | 1.4 | - | 1.4 | 1.4 |
| Cash and cash equivalents | 15 | - | 10.1 | - | 10.1 | 10.1 |
| Total financial assets | | - | 21.2 | - | 21.2 | 21.2 |
| Trade payables | 16 | - | - | (2.5) | (2.5) | (2.5) |
| Other liabilities | | - | - | (14.4) | (14.4) | (14.4) |
| Current borrowings | 17 | - | - | (3.2) | (3.2) | (3.2) |
| Non-current borrowings | 17 | - | - | (16.9) | (16.9) | (16.9) |
| Derivatives | | (0.1) | - | - | (0.1) | (0.1) |
| Total financial liabilities | | (0.1) | - | (37.0) | (37.1) | (37.1) |

Total financial liabilities are shown net of unamortised costs which amounted to £0.5m (2017: £0.6m).

The Company's financial assets and liabilities are set out below:

| Company | Note | Amortised cost | | 2018 | |
|------------------------------------|------|--------------------------------|----------------------------|-------------------------------|---------------------------|
| | | Loans and receivables £m | Other liabilities £m | Total carrying value £m | Total fair value £m |
| Other receivables | 14 | 79.7 | - | 79.7 | 79.7 |
| Cash and cash equivalents | 15 | 0.3 | - | 0.3 | 0.3 |
| Total financial assets | | 80.0 | - | 80.0 | 80.0 |
| Other liabilities | 16 | - | (1.0) | (1.0) | (1.0) |
| Current borrowings | 17 | - | (8.5) | (8.5) | (8.5) |
| Non-current borrowings | 17 | - | (15.7) | (15.7) | (15.7) |
| Total financial liabilities | | - | (25.2) | (25.2) | (25.2) |

| Company | Note | Fair value | Amortised cost | | 2017 | |
|------------------------------------|------|-------------------|--------------------------------|----------------------------|----------------------------|---------------------------|
| | | Derivatives £m | Loans and receivables £m | Other liabilities £m | Total carrying value £m | Total fair value £m |
| Other receivables | 14 | - | 74.4 | - | 74.4 | 74.4 |
| Cash and cash equivalents | 15 | - | 0.7 | - | 0.7 | 0.7 |
| Total financial assets | | - | 75.1 | - | 75.1 | 75.1 |
| Other liabilities | 16 | - | - | (0.9) | (0.9) | (0.9) |
| Current borrowings | 17 | - | - | (3.1) | (3.1) | (3.1) |
| Non-current borrowings | 17 | - | - | (16.9) | (16.9) | (16.9) |
| Derivatives | | (0.1) | - | - | (0.1) | (0.1) |
| Total financial liabilities | | (0.1) | - | (20.9) | (21.0) | (21.0) |

Total financial liabilities are shown net of unamortised costs which amounted to £0.5m (2017: £0.6m).

The fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties. If an active market exists, the market price is applied. If an active market does not exist a discounted cash flow or generally accepted estimation and valuation technique based on market conditions at the balance sheet date is used to calculate an estimated value.

The market value of financial instruments is determined by the use of valuation techniques including estimated discounted cash flows.

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20. Financial instruments (continued)

Treasury overview

The Group uses financial instruments to raise funding for its operations and to manage the financial risks arising from those operations. The agreements governing the principal instruments entered into were approved by the Board.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, provide returns for shareholders and benefits for shareholders.

The principal financing and treasury exposures faced by the Group arise from foreign currencies, working capital management, the financing of capital expenditure and acquisitions, the management of interest rates on the Group's debt, the investment of surplus cash and the management of the Group's debt facilities. The Group manages all of these exposures with an objective of remaining within covenant ratios agreed with the Group's banks, and the Group has been in compliance with its covenants during the year. These ratios are disclosed in note 17.

Currency and interest rate profile

The currency and interest rate profile of the Group's financial assets and liabilities is shown below:

| | Financial assets | | | Financial liabilities | | | Net financial (liabilities)/ assets £m |
|-----------------------------|----------------------------|-------------|---------------------|-----------------------|----------------------------|---------------|---|
| | Non-interest bearing £m | Total £m | Floating rate £m | Fixed rate £m | Non-interest bearing £m | Total £m | |
| At 30 September 2018 | | | | | | | |
| Currency: | | | | | | | |
| Sterling | 10.5 | 10.5 | (18.8) | - | (22.6) | (41.4) | (30.9) |
| US Dollar | 26.1 | 26.1 | (5.4) | - | (15.5) | (20.9) | 5.2 |
| Euro | 0.4 | 0.4 | - | - | - | - | 0.4 |
| Other | 1.2 | 1.2 | - | - | (0.7) | (0.7) | 0.5 |
| Total | 38.2 | 38.2 | (24.2) | - | (38.8) | (63.0) | (24.8) |
| At 30 September 2017 | | | | | | | |
| Currency: | | | | | | | |
| Sterling | 12.1 | 12.1 | (20.0) | (0.1) | (13.5) | (33.6) | (21.5) |
| US Dollar | 7.6 | 7.6 | - | - | (2.9) | (2.9) | 4.7 |
| Euro | 0.2 | 0.2 | - | - | (0.1) | (0.1) | 0.1 |
| Other | 1.3 | 1.3 | - | - | (0.5) | (0.5) | 0.8 |
| Total | 21.2 | 21.2 | (20.0) | (0.1) | (17.0) | (37.1) | (15.9) |

Interest rate risk

Details of the interest rates on borrowings as at 30 September 2018 are set out in note 17.

The Group has no significant interest-bearing assets but is exposed to interest rate risk as it borrows funds at floating interest rates through its bank facilities. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group evaluates its risk appetite towards interest rate risks regularly and may undertake hedging activities, including interest rate swap contracts, to manage interest rate risk in relation to its revolving credit facility if deemed necessary. The Group did not enter into any hedging transactions during the current or prior years and, although it inherited an interest rate swap as part of the Imagine acquisition in the prior year, as at 30 September 2018 the only floating rate to which the Group was exposed is LIBOR. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk section of this note.

For 2018, if interest rates on net borrowings had been on average 0.5% higher/lower with all other variables held constant, the post-tax profit for the year would have decreased/increased by £0.1m (2017: £0.1m).

There would be no impact on equity excluding retained earnings.

Foreign exchange risk

Some of the Group's activities are carried out in countries outside the United Kingdom where transactions are carried out in that country's own functional currency. Movements in exchange rates can therefore have a significant impact on the Group's total cash flows, whilst the translation of the results, assets and liabilities of foreign operations into sterling can have a significant effect on the Group's reported profits and balance sheet. The main exposure is to movements in the US Dollar against sterling.

The Group's policy for managing exchange rate risk is summarised as follows:

Transaction exposure – the Group manages this by ensuring that transactions are denominated in the local functional currency of the operating units wherever possible. Where this is not possible the use of forward contracts to hedge exposure is considered. The use of forward contracts (or any other derivative financial instrument) is subject to authorisation by the Chief Financial Officer.

20. Financial instruments (continued)

The following table summarises the Group's sensitivity to translational currency exposures at 30 September:

| 2018 currency risks expressed in Currency 1/Currency 2 £m | GBP/USD |
|---|---------|
| Reasonable shift | 10% |
| Impact on profit after tax if Currency 1 strengthens against Currency 2 | (0.3) |
| Impact on profit after tax if Currency 1 weakens against Currency 2 | 0.3 |
| Impact on equity excluding retained earnings if Currency 1 strengthens against Currency 2 | 0.3 |
| Impact on equity excluding retained earnings if Currency 1 weakens against Currency 2 | (0.3) |

| 2017 currency risks expressed in Currency 1/Currency 2 £m | GBP/USD |
|---|---------|
| Reasonable shift | 10% |
| Impact on profit after tax if Currency 1 strengthens against Currency 2 | (0.3) |
| Impact on profit after tax if Currency 1 weakens against Currency 2 | 0.3 |
| Impact on equity excluding retained earnings if Currency 1 strengthens against Currency 2 | 0.3 |
| Impact on equity excluding retained earnings if Currency 1 weakens against Currency 2 | (0.3) |

Liquidity risk

The Group funds the business largely from cash flows generated from operations and long-term debt. Details of the Group's borrowings are disclosed in note 17.

The Group monitors and manages the cash for the Group and has maintained committed banking facilities as noted above to mitigate any liquidity risk it may face. If necessary, inter-company loans within the Group meet short-term cash needs. The following table shows the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay:

| 30 September 2018 | Less than one year £m | Between one and two years £m | Between two and five years £m | Over five years £m | Total £m |
|------------------------------------|-----------------------------|------------------------------------|-------------------------------------|--------------------------|---------------|
| Trade payables | (4.9) | - | - | - | (4.9) |
| Other liabilities | (33.0) | (0.2) | (0.4) | (0.3) | (33.9) |
| Borrowings | (8.5) | (4.8) | (10.9) | - | (24.2) |
| Total financial liabilities | (46.4) | (5.0) | (11.3) | (0.3) | (63.0) |

| 30 September 2017 | Less than one year £m | Between one and two years £m | Between two and five years £m | Over five years £m | Total £m |
|------------------------------------|-----------------------------|------------------------------------|-------------------------------------|--------------------------|---------------|
| Trade payables | (2.5) | - | - | - | (2.5) |
| Other liabilities | (12.6) | (0.6) | (0.9) | (0.3) | (14.4) |
| Borrowings | (3.2) | (3.3) | (13.6) | - | (20.1) |
| Derivatives | (0.1) | - | - | - | (0.1) |
| Total financial liabilities | (18.4) | (3.9) | (14.5) | (0.3) | (37.1) |

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21. Issued share capital

| | 2018 | | 2017 | |
|--|-------------------|-------------|-------------------|------------|
| | Number of shares | £m | Number of shares | £m |
| Allotted, issued and fully paid Ordinary shares of 15p each | | | | |
| At beginning of year | 45,392,814 | 6.8 | 24,583,908 | 3.7 |
| Issued as consideration for acquisition | 654,400 | 0.1 | 11,971,189 | 1.8 |
| Placing of Ordinary shares | 34,880,772 | 5.2 | 8,800,000 | 1.3 |
| Share scheme exercises | 589,895 | 0.1 | 37,392 | - |
| Share Incentive Plan matching shares | 710 | - | 325 | - |
| At end of year | 81,518,591 | 12.2 | 45,392,814 | 6.8 |

On 3 April 2018, the Company issued 283,692 Ordinary shares with a nominal value of £42,554 as consideration for the acquisition of NewBay Media LLC.

On 1 May 2018, the Company issued 370,708 Ordinary shares with a nominal value of £55,606 as consideration for the acquisition of Haymarket titles.

On 21 August 2018, the Company issued 34,880,772 Ordinary shares with a nominal value of £5,232,116 pursuant to a rights issue in order to fund the acquisition of Purch Group LLC, further details of which are shown in note 23.

During the year 589,895 Ordinary shares with a nominal value of £88,484 were issued by the Company pursuant to share scheme exercises and a further 710 Ordinary shares were issued under the Share Incentive Plan for a combined total cash commitment of £nil, as detailed in note 22.

22. Share-based payments

The income statement charge for the year for share-based payments was £2.6m (2017: £1.8m). This charge has been included within administration expenses.

These charges arise when employees are granted awards under the Group's share option schemes, performance share plan (PSP), deferred annual bonus scheme (DABS) or Share Incentive Plan (SIP) and when employees are granted awards by the trustees of The Future Network plc 1999 Employee Benefit Trust (EBT). The charge equates to the fair value of the award and has been calculated using the Monte Carlo and Black-Scholes models, using the most appropriate model for each scheme. Assumptions have been made in these models for expected volatility, risk-free rates and dividend yields.

A reconciliation of movements in share options and other share incentive schemes is shown below:

| | 2018 Number of options/awards | 2018 Weighted average exercise price | 2017 Number of options/awards | 2017 Weighted average exercise price |
|---|-------------------------------------|--|-------------------------------------|--|
| Outstanding at the beginning of the year | 4,271,059 | £0.000 | 1,389,633 | £0.049 |
| Granted | 782,451 | £0.000 | 3,956,118 | £0.000 |
| Share awards exercised – new share issues | (589,895) | £0.000 | (37,392) | £1.078 |
| Cancelled | (251,065) | £0.000 | (1,037,300) | £0.026 |
| Adjustment on rights issue | 758,173 | - | - | - |
| Outstanding at 30 September | 4,970,723 | £0.000 | 4,271,059 | £0.000 |
| Exercisable at 30 September | 9,344 | £0.000 | 13,121 | £0.000 |

The weighted average share price at the date of exercise of share options and other share incentive awards during the year was £4.080 (2017: £2.150).

22. Share-based payments (continued)

For options and other share incentive schemes outstanding at 30 September the weighted average exercise prices and remaining contractual lives are as follows:

| | Number of options/awards | | Weighted average remaining contractual life in years | |
|--|--------------------------|-----------|--|----------|
| | 2018 | 2017 | 2018 | 2017 |
| PSP | | | | |
| July 2014 | - | 166,667 | - | - |
| February 2015 | - | 127,889 | - | - |
| May 2015 | - | 69,799 | - | 1 |
| August 2015 | - | 109,856 | - | 1 |
| November 2015 | 379,567 | 322,894 | - | 1 |
| September 2016 | 47,331 | 80,525 | 1 | 2 |
| November 2016 | 1,749,634 | 1,546,732 | 1 | 2 |
| February 2017 | 2,005,190 | 1,833,576 | 1 | 2 |
| November 2017 | 504,521 | - | 2 | - |
| February 2018 | 64,611 | - | 2 | - |
| May 2018 | 127,976 | - | 3 | - |
| July 2018 | 82,549 | - | 3 | - |
| DABS | | | | |
| November 2009 | - | 69 | - | - |
| December 2010 | - | 393 | - | - |
| January 2012 | - | 1,686 | - | - |
| December 2012 | - | 470 | - | - |
| December 2013 | - | 1,706 | - | - |
| November 2015 | 9,344 | 8,797 | - | - |
| Total outstanding at 30 September | 4,970,723 | 4,271,059 | 1 | 2 |

The weighted average exercise price for share options outstanding at 30 September 2018 is £nil (2017: £nil).

On 21 August 2018, Future plc completed a 3 for 4 rights issue (the "rights issue") in order to fund the acquisition of Purch Group LLC. Following the completion of the rights issue the Committee elected to 'make good' all share award holders by increasing the number of options they hold using a HMRC approved formula which takes into consideration the number of new shares created as a result of the rights issue (as disclosed in the table set out on page 99). This change did not impact the fair value of the awards.

The fair value per share for grants made during the year and the assumptions used in the calculation are as follows:

| | 2018 | | | | 2017 | |
|---|-------------------|-------------------|-------------------|-------------------|------------|------------|
| | PSP | PSP | PSP | PSP | PSP | PSP |
| Grant date | 30/11/2017 | 01/02/2018 | 01/05/2018 | 01/07/2018 | 23/11/2016 | 02/02/2017 |
| Share price at grant date | £3.6000 | £4.1000 | £4.5500 | £5.3600 | £1.3335 | £1.7950 |
| Exercise price | - | - | - | - | - | - |
| Vesting period (years) | 3 | 3 | 3 | 3 | 3 | 3 |
| Expected volatility ¹ | 36% | 36% | 41% | 41% | 40% | 37% |
| Option life (years) | 3 | 3 | 3 | 3 | 3 | 3 |
| Expected life (years) | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk-free rate | 0.56% | 0.81% | 0.81% | 0.81% | 0% | 0% |
| Dividend yield | - | - | - | - | - | - |
| Fair value ² | £3.1137 | £3.3909 | £3.9684 | £4.5618 | £0.8716 | £1.3752 |
| Fair value – EBITDA element ² | - | - | - | - | £1.3335 | £1.7950 |
| Fair value – share price element ² | £2.6273 | £2.6318 | £3.3867 | £3.7636 | £0.4097 | £0.9554 |
| Fair value – EPS element ² | £3.6000 | £4.1500 | £4.5500 | £5.3600 | - | - |

Notes:

1. The expected volatility is based on Future's historical volatility, averaged over a period equal to the expected life, where possible.

2. The Group has used the Black-Scholes model to value instruments with non-market-based performance criteria such as earnings per share. For instruments with market-based performance criteria, notably total shareholder return and share price performance, the Group has used a Monte Carlo model to determine the fair value. The Black-Scholes model has been used to value all options with the exception of 50% of certain PSP grants which have market-based performance criteria; the Monte Carlo model has been used to value these awards.

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22. Share-based payments (continued)

The 2010 Sharesave Plan (the Sharesave Plan)

Under the Sharesave Plan the option entitlement granted to participating employees is linked to the monthly contributions which such employees have agreed to pay into the Sharesave Plan (up to a maximum amount of £250 per month). The options granted under the Sharesave Plan vest on the third anniversary of the grant of such options. Where legal and regulatory constraints permit, the Company uses its discretion to offer options granted under the Sharesave Plan at a discount to the market price in force at the date of the invitation being made. The Sharesave Plan was discontinued during the year and at 30 September 2018 there are no options outstanding under this scheme.

Other share-based payments

No further share options are to be granted. Instead, the Group has put into place a number of alternative share incentive schemes.

Performance Share Plan (PSP)

The PSP is a share-based incentive scheme open to the Executive Directors and certain other key employees and 'rising stars', usually based on a percentage of the participant's salary. Awards under this scheme are subject to stretching performance criteria measured against a combination of earnings per share (EPS), net cash flow, adjusted EBITDA or share price performance, depending on the date of grant. Unless the Remuneration Committee decides otherwise at the date of grant, awards will vest three years after the date of grant subject to the participant's continued employment within the Group and achievement of the following performance criteria which are detailed below.

On 21 August 2018, Future plc completed a 3 for 4 rights issue (the "rights issue") in order to fund the acquisition of Purch Group LLC. Following the completion of the rights issue the Remuneration Committee elected to 'make good' all share award holders by increasing the number of options they hold using a HMRC approved formula which takes into consideration the number of new shares created as a result of the rights issue (as disclosed in the table set out on page 99). The Remuneration Committee also reviewed and where appropriate updated the performance criteria for each of the outstanding awards. Any changes to the performance criteria are also detailed below.

Performance criteria in respect of awards granted between 16 July 2014 and 29 November 2015:

- A maximum of 50% of an award will vest if the Group's adjusted EPS for the year ended 30 September 2017 (the last financial year of the performance period) is 21.0p, 12.5% will vest if the Group's adjusted EPS is 15.0p, and vesting will be on a pro rata straight-line basis between the two. If the Group's adjusted EPS is below 15.0p, none of this element of the award will vest.
- The remaining 50% of the award will vest if the Group's net cash flow for the year ended 30 September 2017 (the last financial year of the performance period) is £1.25m, 12.5% will vest if the Group's net cash flow is £0.25m, and vesting will be on a pro rata straight-line basis between the two. If the Group's net cash flow is below £0.25m, none of this element of the award will vest.

In July 2017, the Remuneration Committee exercised its discretion to change the performance criteria in respect of the award granted in July 2014 from TSR performance and EPS growth to net cash flow and absolute EPS in order to align the performance criteria for awards made to the Executive Directors. The Remuneration Committee also extended the vesting date of the award from 16 July 2017 to 27 November 2017 in order to align with the other Executive Director.

Performance against targets in respect of the awards granted on 16 July 2014 and 2 August 2015:

The adjusted diluted EPS for the relevant measurement period was 21.0p for the Group and the net cash flow was £8.9m (after making adjustments for net debt acquired with Imagine and debt drawn down to fund the acquisition of home interest). Consequently, the PSP award granted to Zillah Byng-Thorne on 16 July 2014 vested in full on 27 November 2017 and the PSP award granted to Penny Ladkin-Brand on 2 August 2015 vested in full on 1 September 2018. The Remuneration Committee exercised its judgement to extend the vesting period for the PSP award granted to Penny Ladkin-Brand on 2 August 2015 to 1 September 2018 (from 2 August 2018) in order to avoid the vesting of the award prior to the completion of the rights issue.

Performance criteria in respect of awards granted between 30 November 2015 and 30 September 2016:

- A maximum of 50% of an award will vest if the Group's adjusted EPS for the year ended 30 September 2018 (the last financial year of the performance period) is 22.5p, 12.5% will vest if the Group's adjusted EPS is 18.0p, and vesting will be on a pro rata straight-line basis between the two. If the Group's adjusted EPS is below 18.0p, none of this element of the award will vest. Following the completion of the rights issue the Remuneration Committee amended the adjusted EPS targets to a range of 15.3p and 19.1p and agreed that the calculation of this performance target would be adjusted to exclude the impact of the Purch acquisition and associated rights issue on earnings.
- The remaining 50% of the award will vest if the Group's net cash flow for the year ended 30 September 2018 (the last financial year of the performance period) is £0.75m, 12.5% will vest if the Group's net cash flow is £(0.25)m, and vesting will be on a pro rata straight-line basis between the two. If the Group's net cash flow is below £(0.25)m, none of this element of the award will vest. Following the completion of the rights issue the Remuneration Committee agreed that the calculation of this award will be adjusted to exclude the impact of any cash flows arising from the Purch acquisition and associated rights issue on Net Cash Flow.

Performance criteria in respect of awards granted during the year ended 30 September 2017:

- 25% of the award will vest if the Group's adjusted EBITDA for the year ended 30 September 2017 is at or above target. If the Group's adjusted EBITDA is below target, none of this element of the award will vest.
- 25% of the award will vest if the Group's adjusted EBITDA for the year ending 30 September 2018 is at or above target. If the Group's adjusted EBITDA is below target, none of this element of the award will vest.

22. Share-based payments (continued)

- 25% of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2018 is at or above target. If the Company's share price performance is below target, none of this element of the award will vest.
- 25% of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2019 is at or above target. If the Company's share price performance is below target, none of this element of the award will vest.

Performance criteria in respect of awards granted during the year ended 30 September 2018:

- A maximum of 50% of the award will vest if the Group's adjusted EPS for the year ended 30 September 2020 (the last financial year of the performance period) is 26.0p, 12.5% will vest if the Group's adjusted EPS is 23.0p, and vesting will be on a pro rata straight-line basis between the two. If the Group's adjusted EPS is below 23p, none of this element of the award will vest.
- A maximum of 50% of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2020 is at or above target. 25% of this part of the award will vest if the Company's share price performance in the period from the date of grant to 30 September 2020 is at the lower target price with full vesting of this part of the award at the upper target price level and straight-line vesting in between. If the Company's share price performance is below target, none of this element of the award will vest. Following the completion of the rights issue the Remuneration Committee rebased the share price targets to adjust for the impact of the Purch acquisition and associated rights issue.

Grants were made under the PSP in November 2016, February 2017, November 2017, February 2018, May 2018 and July 2018.

Deferred Annual Bonus Scheme (DABS)

The DABS is a share-based incentive scheme open to the Executive Directors and certain managers across the Group. The maximum value of any shares granted under the DABS to any one participant will be an amount which is equal to a fixed percentage of that eligible participant's annual bonus for the previous financial year. The number of shares over which an award is to be granted to each participant will usually be calculated by reference to the market value of an Ordinary share in the Company on the date of the award. Unless the Remuneration Committee decides otherwise at the date of grant, the shares awarded under the DABS will vest six months after the date of the award, subject only to the employee remaining in the employment of the Group throughout the vesting period.

The last grant made under the DABS was in November 2017.

Share Incentive Plan (SIP)

The SIP is open to all UK employees including the Executive Directors. It is a tax efficient incentive plan pursuant to which employees are eligible to acquire up to £150 (or 10% of salary, if less) worth of Ordinary shares in the Company per month or £1,800 per annum. Under the SIP, employees are invited to subscribe for Partnership shares via salary deductions. If an employee agrees to buy Partnership shares the Company currently matches the number of Partnership shares bought with an award of Matching shares on the basis of one Matching share for every four Partnership shares. Matching share awards to date have been met by the issue of Ordinary shares to Yorkshire Building Society as Trustee of the SIP.

23. Reserves

Share premium account

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

| Group and Company | 2018 £m | 2017 £m |
|---|-------------|-------------|
| At 1 October | 47.4 | 27.6 |
| Premium arising on issue of equity shares | 100.5 | 20.7 |
| Costs of share issue | (3.3) | (0.9) |
| Share premium reduction | (47.4) | - |
| At 30 September | 97.2 | 47.4 |

In June 2018 the Company's share premium amount of £47.4m was cancelled by special resolution, confirmed by the High Court of Justice in July 2018.

Treasury reserve

The treasury reserve represents the cost of shares in Future plc purchased in the market and held by the EBT to satisfy awards made by the trustees.

| | Group 2018 £m | Group 2017 £m |
|-------------------------------|---------------------|---------------------|
| At 1 October and 30 September | (0.3) | (0.3) |

The 111,818 (2017: 95,123) shares held by the EBT represent 0.1% (2017: 0.2%) of the Company's issued share capital. The treasury reserve is non-distributable.

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23. Reserves (continued)

Merger reserve

| | Group 2018 £m | Company 2018 £m | Group 2017 £m | Company 2017 £m |
|--|---------------------|-----------------------|---------------------|-----------------------|
| At 1 October | 122.5 | 13.5 | 109.0 | - |
| Premium arising on equity shares issued as consideration | 2.4 | 2.4 | 13.6 | 13.6 |
| Costs of share issue | - | - | (0.1) | (0.1) |
| At 30 September | 124.9 | 15.9 | 122.5 | 13.5 |

The comparative brought forward balance in the Group merger reserve of £109.0m arose following the 1999 Group reorganisation and is non-distributable. The movement in the current year relates to the premium on shares issued as consideration for the acquisitions of NewBay Media LLC in April 2018 and the Haymarket titles in May 2018. The movement in the merger reserve during the prior year relates to the premium on shares issued as consideration for the acquisition of Miura (Holdings) Limited in October 2016.

24. Pensions

The Group operates a defined contribution scheme for employees resident in the United Kingdom.

In the US, the Group operates a section 401(k) profit sharing defined contribution plan in respect of pensions, which covers substantially all Future US employees. The section 401(k) plan allows employees to invest in 22 registered mutual funds at Charles Schwab Bank, the plan's custodian. The employees, not the employer, have complete control over which funds they invest in, although they have no control over the stocks owned by the funds.

During the year, £1.0m (2017: £0.6m) contributions were made to these plans and at 30 September 2018 the outstanding balance due to be paid over to the plans was £0.4m (2017: £0.1m).

25. Commitments and contingent liabilities

(a) Operating lease commitments

At 30 September 2018, the Group had the following total future lease payments under non-cancellable operating leases:

| | Land and buildings £m | Other £m | Total 2018 £m | Land and buildings £m | Other £m | Total 2017 £m |
|----------------------------|-----------------------------|-------------|---------------------|-----------------------------|-------------|---------------------|
| Within one year | 3.7 | - | 3.7 | 2.1 | - | 2.1 |
| Between one and five years | 8.3 | - | 8.3 | 7.4 | - | 7.4 |
| After five years | 5.1 | - | 5.1 | 6.5 | - | 6.5 |
| Total | 17.1 | - | 17.1 | 16.0 | - | 16.0 |

Future minimum sub-lease receipts expected under non-cancellable subleases at 30 September 2018 total £2.1m (2017: £0.8m).

During the year, £2.1m (2017: £1.7m) was recognised in the income statement in respect of operating lease rental payments and £0.3m (2017: £0.2m) was recognised in respect of sub-lease receipts.

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases other equipment under non-cancellable operating lease agreements.

(b) Contingent liabilities

There are no contingent liabilities expected to result in a material loss for the Group.

(c) Capital commitments

There were no material capital commitments as at 30 September 2018 (2017: £nil).

26. Related party transactions

The Group had no material transactions with related parties in 2018 or 2017 which might reasonably be expected to influence decisions made by users of these financial statements.

During the year, the Company had management charges payable of £0.9m (2017: £0.9m) to subsidiary undertakings. The outstanding balance owed at 30 September 2018 was £0.9m (2017: £0.9m). See note 20 for details of loans.

No individuals other than the Directors meet the definition of key management personnel. Details of key management personnel compensation are set out in the Directors Remuneration Report on page 54.

27. Acquisitions

Acquisition of NewBay Media LLC

On 3 April 2018 Future US inc. acquired 100% of the share capital of NewBay Media LLC (NewBay), the mainly US-based information and events business, for net consideration of £8.8m cash and £1.1m shares.

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

| | Provisional fair value |
|-----------------------------|---------------------------|
| Intangible assets | |
| - Publishing rights | 2.5 |
| - Brands | 2.0 |
| - Other intangibles | 0.9 |
| Trade and other receivables | 4.6 |
| Trade and other payables | (6.7) |
| Deferred tax | (0.1) |
| Net assets acquired | 3.2 |
| Goodwill | 6.7 |
| | 9.9 |
| Consideration: | |
| Equity shares | 1.1 |
| Cash | 8.8 |
| Total consideration | 9.9 |

The goodwill is attributable to the synergies expected to arise in integrating the magazines into the wider Future group and through combining production and back office functions. The publishing rights, customer lists, events and brands will be amortised over a period of five years. US intangibles, including goodwill, are expected to be deductible for tax purposes.

Gross trade receivables were £5.4m, of which £4.6m on acquisition were expected to be recovered.

The acquisition enhances the Group's market-leading position in music and consumer electronics and in addition brings B2B titles in the complementary verticals of audio visual, television broadcasting and educational technology, which will further increase the Group's revenue diversification model whilst also bringing B2B expertise to the Group's existing titles.

Included within the Group's results for the year are revenues of £13.7m and a loss before tax of £0.1m (excluding deal fees, associated integration costs and acquired intangible amortisation) from NewBay Media LLC.

If the acquisition has been completed on the first day of the financial year, it would have contributed £31.5m of revenue and profit before tax of £0.6m (excluding deal fees, associated integration costs and acquired intangible amortisation) during the year.

Acquisition of Haymarket titles

On 1 May 2018 Future Holdings 2002 Limited completed the acquisition of the specialist consumer titles of What Hi-Fi?, FourFourTwo, Practical Caravan and Practical Motorhome from Haymarket Media Group for net consideration of £9.3m cash and £1.4m shares.

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

| | Provisional fair value £m |
|----------------------------|---------------------------------|
| Intangible assets | |
| - Publishing rights | 1.3 |
| - Brands | 0.2 |
| - Websites | 3.8 |
| Trade and other payables | (0.9) |
| Deferred tax | (0.9) |
| Net assets acquired | 3.5 |
| Goodwill | 7.2 |
| | 10.7 |
| Consideration: | |
| Equity shares | 1.4 |
| Cash | 9.3 |
| Total consideration | 10.7 |

Financial statements

27. Acquisitions (continued)

The goodwill is attributable to the synergies expected to arise in integrating the magazines and websites into the wider Future group. The goodwill will not be deductible for tax purposes. The publishing rights, brands and websites will be amortised over a period of five years. The acquisition presents organic growth opportunities by leveraging and expanding brands and content through the Group's platform.

Included within the Group's results for the year are revenues of £3.5m and a profit before tax of £0.6m (excluding deal fees, associated integration costs and acquired intangible amortisation) from the Haymarket titles.

If the acquisition has been completed on the first day of the financial year, it would have contributed £8.9m of revenue and profit before tax of £2.0m (excluding deal fees, associated integration costs and acquired intangible amortisation) during the year.

Acquisition of Purch Group LLC

On 4 September 2018, Future US Inc. acquired 100% of the share capital of Purch Group LLC, a technology platform and publisher, for net consideration of £99.1m.

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

| | Provisional fair value |
|-----------------------------|---------------------------|
| Intangible assets | |
| - Customer lists | 10.0 |
| - Websites | 62.5 |
| Trade and other receivables | 11.2 |
| Trade and other payables | (4.8) |
| Net assets acquired | 78.9 |
| Goodwill | 20.2 |
| | 99.1 |
| Consideration: | |
| Cash | 99.1 |
| Total consideration | 99.1 |

The goodwill is attributable to the synergies expected to arise in integrating the websites and customer lists into the wider Future group. The websites and customer lists will both be amortised over a period of 10 years. Intangibles, including goodwill, are expected to be deductible for tax purposes.

Gross trade receivables were £11.7m, of which £11.2m on acquisition were expected to be recovered.

This acquisition substantially strengthens the Group's presence in the US market, boosting its scale and momentum while further diversifying our revenue streams. Purch B2C's leading brands also gives the Group market leadership in the highly attractive consumer technology market. In addition, its data driven content model is highly complementary to the Group's existing capabilities and will accelerate the Group's progress as it continues to build its global platform for specialist media.

Included within the Group's results for the year are revenues of £3.8m and a profit before tax of £0.1m (excluding deal fees, associated integration costs and acquired intangible amortisation) from Purch Group LLC.

If the acquisition has been completed on the first day of the financial year, it would have contributed £47.5m of revenue and a profit before tax of £7.9m (excluding deal fees, associated integration costs and acquired intangible amortisation) during the year.

See note 4 for details of the total amount of acquisition and integration related costs recognised as exceptional items in respect of these acquisitions.

The fair values are described as 'provisional' for each of the acquisitions as they all occurred within six months of the balance sheet date and so further time is required (particularly in respect of Purch) in order to fully ascertain the fair value of assets and liabilities acquired. The Purch transaction is subject to a working capital adjustment.

28. Subsidiary undertakings

Details of the Company's subsidiaries at 30 September 2018 are set out below. All subsidiaries are included in the consolidation. Shares of those companies marked with an * are indirectly owned by Future plc through an intermediate holding company.

| Company name and registered number | Country of incorporation and registered office | Nature of business | Holding % | Class of shares |
|---|--|------------------------------|-----------|-------------------------|
| A&S Publishing Company Limited* 01584580 | England and Wales ¹ | Non-trading | 100 | £1 Ordinary shares |
| Ascent Publishing Limited* 02561341 | England and Wales ¹ | Non-trading | 100 | £1 Ordinary shares |
| Centaur Consumer Exhibitions Limited* 07276298 | England and Wales ¹ | Non-trading | 100 | £1 Ordinary shares |
| Future Holdings 2002 Limited 04387886 | England and Wales ¹ | Holding company | 100 | £1 Ordinary shares |
| Future Publishing Limited* 02008885 | England and Wales ¹ | Publishing | 100 | £1 Ordinary shares |
| Future Publishing (Overseas) Limited* 06202940 | England and Wales ¹ | Publishing | 100 | £1 Ordinary shares |
| Future Publishing Holdings Limited 03430449 | England and Wales ¹ | Holding company | 87.5 | 1 pence Ordinary shares |
| Future US, Inc* 1513070 | USA (State of California) ² | Publishing | 100 | Not applicable |
| Future Verlag GmbH* HRB125675 | Germany ³ | Non-trading | 87.5 | €1 Ordinary shares |
| FutureFolio Limited* 07956484 | England and Wales ¹ | Digital publishing solutions | 100 | £1 Ordinary shares |
| Next Commerce Philippines Inc* CS201517783 | Philippines ⁴ | Dormant | 100 | ₱1 Ordinary shares |
| Next Commerce Pty Ltd* 113 146 786 | Australia ⁵ | Comparison shopping | 100 | \$1 Ordinary shares |
| Pricepanda Group GmbH* HRB138471B | Germany ⁶ | Dormant | 100 | €1 Ordinary shares |
| Newbay Media UK Holdco Limited 04387886 | England and Wales ¹ | Holding Company | 100 | £1 Ordinary shares |
| Newbay Media Europe Limited* 03641099 | England and Wales ¹ | Non-trading | 100 | £1 Ordinary shares |
| Future New1 Limited* 10562453 | England and Wales ¹ | Non-trading | 100 | £1 Ordinary shares |
| Mobile Entertainment Limited* 05318803 | England and Wales ¹ | In liquidation ⁷ | 100 | £1 Ordinary shares |
| CTW Media Limited* 04371784 | England and Wales ¹ | In liquidation ⁸ | 100 | £1 Ordinary shares |
| MCV Media UK Limited* 03537416 | England and Wales ¹ | In liquidation ⁷ | 100 | £1 Ordinary shares |
| Active Junky Inc* 5341234 | USA ² | Trading | 100 | Not applicable |
| Purch Technologies Sarl* 84138050400016 | France | Non-trading | 100 | Not applicable |
| Newbay Media LLC* 4208889 | USA ² | Non-trading | 100 | Not applicable |
| Purch Group LLC* 4560993 | USA ² | Trading | 100 | Not applicable |
| Sarracenia Limited 04582851 | England and Wales ¹ | Dormant | 100 | £1 Ordinary shares |

1 Registered office: Quay House, The Ambury, Bath, BA1 1UA, England

2 Registered office: 11 West 42nd Street, New York, NY 10036

3 Registered office: c/o Poruba GbR, Clemensstraße 32, 80803 Munich, Germany

4 Registered office: 2/F GC Corporate Plaza, 150 Legaspi Street, Legaspi Village, Makati, Manila, Philippines

5 Registered office: Suite 3, Level 10, 100 Walker Street, North Sydney, NSW 2060, Australia

6 Registered office: Charlottenstraße 4, 10969 Berlin, Germany

7 Company was dissolved on 24 October 2018

8 Company was dissolved on 26 October 2018

A&S Publishing Company Limited, Ascent Publishing Limited, Centaur Consumer Exhibitions Limited, Future Holdings 2002 Limited, Future Publishing Limited, FutureFolio Limited, NewBay Media UK Holdco Limited, NewBay Media Europe Limited and Future New1 Limited are exempt from the requirement to file audited financial statements by virtue of Section 479A of the Companies Act 2006. Sarracenia Limited is exempt from the requirement to file audited financial statements by virtue of Section 480 of the Companies Act 2006.

Notice of Annual General Meeting

This Notice of Meeting is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Future plc, please forward this notice, together with the accompanying documents, as soon as possible either to the purchaser or transferee, or to the person who arranged the sale or transfer so that they can pass these documents to the purchaser or transferee.

Notice of Annual General Meeting

Notice is hereby given that the twentieth Annual General Meeting of Future plc will be held on 7 February 2019 at Future's London office, 1-10 Praed Mews, London W2 1QY at 10:30am at which the following resolutions numbered 1 to 14 will be proposed as ordinary resolutions, and resolutions numbered 15 to 17 will be proposed as special resolutions.

Ordinary Business

Ordinary resolutions

- | | | |
|--|--|--|
| <p>1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 September 2018 and the reports of the Directors and the auditors (the "Annual Report").</p> <p>2. To approve the Directors' remuneration implementation report as set out in pages 53 to 60 of the Annual Report of the Company for the financial year ended 30 September 2018.</p> <p>3. To approve the amendments to the Remuneration policy for the three year period commencing on 1 October 2016 as set out in pages 61 to 64 of the Annual Report of the Company.</p> <p>4. To declare a final dividend upon the recommendation of the Directors for the year ended 30 September 2018 of 0.5p per ordinary share payable on 15 February 2019 to shareholders on the register at the close of business on 18 January 2019.</p> <p>5. To elect as a Director Alan Newman.</p> <p>6. To elect as a Director Rob Hattrell.</p> <p>7. To re-elect as a Director Richard Huntingford.</p> <p>8. To re-elect as a Director Zillah Byng-Thorne.</p> <p>9. To re-elect as a Director Penny Ladkin-Brand.</p> <p>10. To re-elect as a Director Hugo Drayton.</p> <p>11. To reappoint PricewaterhouseCoopers</p> | <p>LLP, Chartered Accountants and Registered Auditors, as auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.</p> <p>12. To authorise the Directors to determine the remuneration of the auditors of the Company.</p> <p>13. That, in substitution for any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:</p> <p>13.1 in connection with an offer by way of a rights issue (comprising equity securities as defined by section 560 of the Act), up to an aggregate nominal amount of £8,184,910 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph 13.2 below):</p> <p>(a) to holders of Ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings of Ordinary shares in the capital of the Company; and</p> <p>(b) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory, or the</p> | <p>requirements of any regulatory body or stock exchange; and</p> <p>13.2 in any other case, up to an aggregate nominal amount of £4,092,455 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 13.1 above in excess of £4,092,455, at any time or times during the period beginning on the date of the passing of this resolution and ending following the conclusion of the Company's next Annual General Meeting or, if earlier, on 6 May 2020 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after its expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority hereby conferred had not expired.</p> <p>14. To authorise the Company, and all companies that are its subsidiaries, at any time during the period for which this resolution has effect for the purposes of Section 366 of the Act to:</p> <p>(a) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;</p> <p>(b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and</p> <p>(c) incur political expenditure not exceeding £50,000 in total,</p> <p>during the period beginning with the date of the passing of this resolution and ending following the conclusion of the Company's next</p> |
|--|--|--|

Annual General Meeting or, if earlier, on 6 May 2020.

Special resolutions

15. That, if resolution 13 is passed, the Directors be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution (in accordance with section 570(1) of the Act) and/or to sell Ordinary shares held by the Company as treasury shares (in accordance with section 573 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment or sale, such authority to be limited to:
- (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph 13.1 of resolution 13, by way of a rights issue only):
- (i) in favour of holders of Ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of Ordinary shares in the capital of the Company held by them; and
- (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £613,868,

such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 6 May 2020 (unless previously revoked or varied by the Company in General Meeting) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board

may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

16. That, if resolution 13 is passed, the Board be authorised in addition to any authority granted under resolution 15 to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution (in accordance with section 570(1) of the Act) and/or to sell Ordinary shares held by the Company as treasury shares (in accordance with section 573 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment or sale, such authority to be:
- a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £613,868; and
- b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,
- such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 6 May 2020 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.
17. That a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

On behalf of the Board



Penny Ladkin-Brand
Chief Financial Officer
and Company Secretary
12 December 2018

Notice of Annual General Meeting

Notes

Further information about the AGM

- Information regarding the meeting, including the information required by section 311A of the Act, is available from: www.futureplc.com/invest-in-future

Attendance at the AGM

- If you wish to attend the meeting in person, please bring the attendance card attached to your form of proxy and arrive at Future's London office, 1-10 Praed Mews, London W2 1QY, in sufficient time for registration. Appointment of a proxy does not preclude a member from attending the meeting and voting in person. If a member has appointed a proxy and attends the meeting in person, the proxy appointment will automatically be terminated.

Appointment of proxies

- Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in their place. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If you appoint multiple proxies for a number of shares in excess of your holding, the proxy appointments may be treated as invalid. A proxy need not be a member of the Company. A proxy card is enclosed. To be effective, proxy cards should be completed in accordance with these notes and the notes to the proxy form, signed and returned so as to be received by the Company's Registrars:

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY

not later than 10:30am on Tuesday 5 February 2019 being two business days before the time appointed for the holding of the meeting. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Electronic appointment of proxies

- As an alternative to completing the printed proxy form, you may appoint a proxy electronically by visiting the following website: www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as printed

on your proxy form and to agree to certain terms and conditions. To be effective, electronic appointments must have been received by the Company's Registrars not later than 10:30am on Tuesday 5 February 2019.

Number of shares in issue

- As at the close of business on 12 December 2018 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 81,849,101 Ordinary shares of 15 pence each. Each Ordinary share carries one vote. There are no shares held in treasury. The total number of voting rights in the Company is therefore 81,849,101.

Documents available for inspection

- Printed copies of the service contracts of the Company's Directors and the letters of appointment for the Non-Executive Directors will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the Company's London office at

1-10 Praed Mews,
London,
W2 1QY

and at the Company's registered office at

Quay House,
The Ambury,
Bath,
BA1 1UA

including on the day of the meeting from 10:15am until its completion.

Eligible shareholders

- The Company, pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those members on the register of the Company as at 6pm on Tuesday 5 February 2019 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after 6pm on Tuesday 5 February 2019 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Indirect investors

- Any person to whom this notice is sent who is a person that has been nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person') does not have a right to appoint a proxy. However, a Nominated Person may, under an agreement with the registered shareholder by whom they were nominated (a 'Relevant Member'), have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. Alternatively, if a Nominated Person does not have such a right, or does not wish to exercise it, they may have a right under any such agreement to give instructions to the Relevant Member as to the exercise of voting rights.

A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, the Nominated Person's custodian or broker) and the Nominated Person should continue to contact them (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

Appointment of proxies through CREST

- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so

as to be received by the issuer's agent (ID 3RA50) by 10:30am on Tuesday 5 February 2019 or, if the meeting is adjourned, not less than 48 hours before the time fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Amending a proxy

10. To change a proxy instruction, a member needs to submit a new proxy appointment using the methods set out above. Note that the deadlines for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant deadline will be disregarded. Where a member has appointed a proxy using the paper proxy form and would like to change the instructions using another such form, that member should contact the Registrars on +44 (0)370 707 1443.

If more than one valid proxy appointment is submitted, the

appointment received last before the deadline for the receipt of proxies will take precedence.

Revoking a proxy

11. In order to revoke a proxy instruction, a signed letter clearly stating a member's intention to revoke a proxy appointment must be sent by post or by hand to the Company's Registrars:

Computershare Investor Services PLC,
The Pavilions, Bridgwater Road,
Bristol BS99 6ZY.

Note that the deadlines for receipt of proxy appointments (see above) also apply in relation to revocations; any revocation received after the relevant deadline will be disregarded.

Corporate members

12. In the case of a member which is a company, any proxy form, amendment or revocation must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the documents are signed (or a duly certified copy of such power of authority) must be included. A corporate member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share. Members considering the appointment of a corporate representative should check their own legal position, the company's articles of association and the relevant provision of the Companies Act 2006.

Joint holders

13. Where more than one of the joint holders purports to vote or appoint a proxy, only the vote or appointment submitted by the member whose name appears first on the register will be accepted.

Questions at the AGM

14. Under section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
- (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

- (b) the answer has already been given on a website in the form of an answer to a question; or
- (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members' right to require circulation of a resolution to be proposed at the AGM

15. Under section 338 of the Act, a member or members meeting the qualification criteria set out at note 18 on page 111, may, subject to conditions set out at note 19, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting.

Members' right to have a matter of business dealt with at the AGM

16. Under section 338A of the Act, a member or members meeting the qualification criteria set out at note 18 on page 111, may, subject to the conditions set out at note 19, require the Company to include in the business to be dealt with at the AGM a matter (other than a proposed resolution) which may properly be included in the business (a matter of business).

Website publication of any audit concerns

17. Pursuant to Chapter 5 of Part 16 of the Act, where requested by a member or members meeting the qualification criteria set out at note 18 on page 111, the Company must publish on its website a statement setting out any matter that such members propose to raise at the AGM relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM.

Where the Company is required to publish such a statement on its website:

- (a) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- (b) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- (c) the statement may be dealt with as part of the business of the AGM.

Notice of Annual General Meeting

The request:

- (d) may be in hard copy form or in electronic form and must be authenticated by the person or persons making it (see note 19(d) and (e) below);
- (e) should either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and
- (f) must be received by the Company at least one week before the AGM.

(d) in the case of a request made in hard copy form, such request must be:

- (i) signed by you and state your full name and address; and
- (ii) sent either: by post to

Company Secretary,
Future plc,
Quay House,
The Ambury,
Bath BA1 1UA;

or by fax to +44(0)1225 732266

marked for the attention of the
Company Secretary; and

Members' qualification criteria

18. In order to be able to exercise the members' rights set out in notes 15 to 17 above the relevant request must be made by:

- (a) a member or members having a right to vote at the AGM and holding at least 5% of total voting rights of the Company; or
- (b) at least 100 members having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

(e) in the case of a request made in electronic form, such request must:

- (i) state your full name and address; and
- (ii) be sent to cosec@futurenet.com.

Please state 'AGM' in the subject line of the email. You may not use this electronic address to communicate with the Company for any other purpose.

Conditions

19. The conditions are that:

- (a) any resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (b) the resolution or matter of business must not be defamatory of any person, frivolous or vexatious;
- (c) the request:
 - (i) may be in hard copy form or in electronic form;
 - (ii) must identify the resolution or the matter of business of which notice is to be given by either setting it out in full or, if supporting a resolution/matter of business sent by another member, clearly identifying the resolution/matter of business which is being supported;
 - (iii) in the case of a resolution, must be accompanied by a statement setting out the grounds for the request;
 - (iv) must be authenticated by the person or persons making it; and
 - (v) must be received by the Company not later than six weeks before the date of the AGM;

Investor information

For enquiries of a general nature regarding the Company and for investor relations enquiries please contact Penny Ladkin-Brand at the Company's Registered Office, or visit www.futureplc.com and select the investor relations section.

Registrar and transfer office

The Company's share register is maintained by:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
Tel: +44 (0)370 707 1443

Shareholders should contact the Registrar, Computershare, in connection with changes of address, lost share certificates, transfers of shares and bank mandate forms to enable automated payment of dividends.

Online information – www.investorcentre.co.uk

Our Registrar, Computershare, has a service to provide shareholders with online internet access to details of their shareholdings.

The service is free, secure and easy to use.

To register for the service, go to www.investorcentre.co.uk

Unsolicited mail

The share register is by law a public document. To limit the receipt of mail from other organisations, please register with the Mailing Preference Service, by visiting www.mpsonline.org.uk/mpsr/

Warning to shareholders – 'boiler room' scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting www.fca.org.uk/register
- Report the matter to the FCA either by calling **0800 111 6768** or by completing the fraud reporting form on the FCA website at: www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams/reporting-form
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the Company endorses will be included in company mailings.

More detailed information on this or similar activity can be found at www.moneyadviceservice.org.uk

Directors and advisers

Directors

Richard Huntingford

Independent Non-Executive Chairman

Zillah Byng-Thorne

Chief Executive

Penny Ladkin-Brand

Chief Financial Officer
and Company Secretary

Hugo Drayton

Independent Non-Executive Director

Alan Newman

Independent Non-Executive Director

Rob Hattrell

Independent Non-Executive Director

Offices

Registered office

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London office

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Tel +44 (0)20 7042 4000

www.futureplc.com

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Registered in England and Wales

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Independent auditors

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Chartered accountants and statutory auditors
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Bristol BS2 0FR

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London EC4M 7LT

N+1 Singer
1 Bartholomew Lane
London EC2N 2AX

Principal bankers

HSBC Bank plc
8 Canada Square
London E14 5HQ

Solicitors

Simmons and Simmons LLP
1 Linear Park
Avon Street
Temple Quay
Bristol BS2 0PS

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE



Financial calendar

**Announcement of
annual results**
23 November 2018

Annual General Meeting
7 February 2019

Half-year end
31 March 2019

**Announcement of
interim results**
May 2019

Financial year-end
30 September 2019

Contacts

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