Group plc

Unaudited condensed interim income statement
Six months ended 30 June 2022

	Note	2022 **Results for period** **£m**	2021 Before exceptional items £m	Exceptional items (note 8) £m	Results for period £m
Revenue	7	**62.1**	60.3	-	60.3
Net operating expenses		**(50.2)**	(48.9)	(1.7)	(50.6)
Operating profit		**11.9**	11.4	(1.7)	9.7
Finance costs					
- borrowings		**(0.4)**	(0.7)	-	(0.7)
- defined benefit pension schemes		**(0.6)**	(0.4)	-	(0.4)
- lease interest		**(0.3)**	(0.1)	-	(0.1)
		(1.3)	(1.2)	-	(1.2)
Profit before tax		**10.6**	10.2	(1.7)	8.5
Tax charge	9	**(2.2)**	(1.8)	0.3	(1.5)
Profit for the period		**8.4**	8.4	(1.4)	7.0
Attributable to:					
Owners of the parent		**8.5**	8.5	(1.4)	7.1
Non-controlling interests		**(0.1)**	(0.1)	-	(0.1)
		8.4	8.4	(1.4)	7.0
Earnings per share					
Basic	10	**18.7p**	18.4p		15.4p
Diluted	10	**18.2p**	17.9p		15.0p

A reconciliation of the statutory results to the adjusted results is included at note 23. The above unaudited condensed interim income statement should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim statement of comprehensive income
Six months ended 30 June 2022

	2022 £m	2021 £m
Profit for the period	**8.4**	7.0
Items that will not be reclassified to profit or loss:		
Gain on re-measurement of defined benefit pension schemes	**30.9**	24.0
Deferred tax charge	**(7.7)**	(3.9)
Revaluation loss on listed investment to market value	**(0.1)**	(2.2)
Other comprehensive income – net of tax	**23.1**	17.9
Total comprehensive income for the period	**31.5**	24.9
Attributable to:		
Owners of the parent	**31.6**	25.0
Non-controlling interests	**(0.1)**	(0.1)
	31.5	24.9

The above unaudited condensed interim statement of comprehensive income should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim balance sheet
As at 30 June 2022

	Note	**30 June 2022 £m**	31 December 2021 £m
Non-current assets			
Intangible assets	12	**1.4**	1.6
Property, plant and equipment	13	**10.4**	9.8
Right-of-use assets	13	**19.2**	19.9
Investments	14	**2.6**	1.9
Deferred tax asset	15	**17.5**	26.5
Trade and other receivables	17	**0.5**	0.4
		51.6	60.1
Current assets			
Inventories	16	**22.4**	17.7
Trade and other receivables	17	**29.2**	30.1
Cash and cash equivalents		**14.7**	14.7
		66.3	62.5
Total assets		**117.9**	122.6
Equity			
Ordinary shares	19	**23.3**	23.3
Share premium		**115.1**	115.1
Capital redemption reserve		**0.2**	0.2
Merger reserve		**173.4**	173.4
Other reserve		**1.5**	1.4
Accumulated losses		**(310.9)**	(339.2)
Shareholders' equity		**2.6**	(25.8)
Non-controlling interests		**(0.2)**	(0.1)
Total equity		**2.4**	(25.9)
Non-current liabilities			
Borrowings	18	**21.3**	14.4
Lease liabilities		**19.0**	19.7
Retirement benefit obligations	21	**42.3**	79.4
		82.6	113.5
Current liabilities			
Trade and other payables		**31.8**	33.8
Lease liabilities		**1.1**	1.2
		32.9	35.0
Total liabilities		**115.5**	148.5
Total equity and liabilities		**117.9**	122.6

The above unaudited condensed interim balance sheet should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim statement of changes in equity
Six months ended 30 June 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Other reserve £m	Accumulated losses £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
At 1 January 2022	23.3	115.1	0.2	173.4	1.4	(339.2)	(25.8)	(0.1)	(25.9)
Profit for the period	-	-	-	-	-	8.5	8.5	(0.1)	8.4
Other comprehensive income	-	-	-	-	-	23.1	23.1	-	23.1
Total comprehensive income for the period	-	-	-	-	-	31.6	31.6	(0.1)	31.5
Share based compensation	-	-	-	-	0.1	-	0.1	-	0.1
Dividends paid (note 11)	-	-	-	-	-	(3.3)	(3.3)	-	(3.3)
At 30 June 2022	23.3	115.1	0.2	173.4	1.5	(310.9)	2.6	(0.2)	2.4
At 1 January 2021	23.3	115.1	0.2	173.4	1.0	(342.8)	(29.8)	(0.1)	(29.9)
Profit for the period	-	-	-	-	-	7.1	7.1	(0.1)	7.0
Other comprehensive income	-	-	-	-	-	17.9	17.9	-	17.9
Total comprehensive income for the period	-	-	-	-	-	25.0	25.0	(0.1)	24.9
Share based compensation	-	-	-	-	0.1	-	0.1	-	0.1
Dividends paid (note 11)	-	-	-	-	-	(2.7)	(2.7)	-	(2.7)
At 30 June 2021	23.3	115.1	0.2	173.4	1.1	(320.5)	(7.4)	(0.2)	(7.6)

The above unaudited condensed interim statement of changes in equity should be read in conjunction with the accompanying unaudited notes.

Unaudited condensed interim statement of cash flows
Six months ended 30 June 2022

	Note	**2022**	2021
		£m	£m
Operating activities			
Cash generated by operations	20	**10.7**	7.9
Interest and fees in relation to banking facilities paid		**(0.6)**	(1.1)
Corporation tax paid		**(0.1)**	(0.4)
Pension deficit funding - recovery plan payment		**(4.7)**	(4.6)
Contingent cash payment to pension schemes		**(2.4)**	(0.3)
Net cash generated by operating activities		**2.9**	1.5
Investing activities			
Proceeds from sale of investment		**-**	3.3
Purchase of investment in associate	14	**(0.9)**	-
Loan notes provided to associate		**-**	(0.4)
Production finance provided to associate		**(2.4)**	-
Purchase of intangible assets		**(0.3)**	(0.2)
Purchase of property, plant and equipment		**(1.9)**	(1.3)
Net cash (used in)/generated by investing activities		**(5.5)**	1.4
Financing activities			
Payment of obligations under leases		**(1.1)**	(0.8)
Borrowings drawn		**17.0**	3.1
Borrowings repaid		**(10.0)**	(0.1)
Dividends paid	11	**(3.3)**	(2.7)
Net cash generated by/(used in) financing activities		**2.6**	(0.5)
Net movement in cash and cash equivalents		**-**	2.4
Cash and cash equivalents at beginning of period		**14.7**	5.2
Cash and cash equivalents at end of period		**14.7**	7.6

Unaudited notes to the condensed interim financial statements
Six months ended 30 June 2022

1. General information

STV Group plc (the "Company") is a public limited company incorporated and domiciled in Scotland and listed on the London Stock Exchange. The address of the registered office is Pacific Quay, Glasgow, G51 1PQ.

The principal activities of the Company and its subsidiaries (together "the Group") are the production and broadcasting of television programmes, provision of internet services and the sale of advertising airtime and space in these media.

These condensed interim financial statements were approved for issue on 6 September 2022 and have been reviewed, not audited. They do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were approved by the Board of Directors on 9 March 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2. Basis of preparation

These unaudited condensed interim financial statements for the six months ended 30 June 2022 have been prepared based on the policies set out in the 2021 annual financial statements and in accordance with UK adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. These should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021 which were prepared in accordance with IFRS as adopted by the UK Endorsement Board.

The year to 31 December 2022 annual financial statements will be prepared in accordance with IFRS as adopted by the UK Endorsement Board.

Going concern
At 30 June 2022, the Group was in a net debt position of £6.6m (31 December 2021: net cash of £0.3m). The Group is in a net current asset position and generates cash from operations that enables the Group to meet its operating liabilities as they fall due.

The Group has in place a £60m revolving credit facility, with £20m accordion, maturing in March 2025 and with the option to extend by one-year in February 2023. The covenants in place relate to leverage (namely net debt to EBITDA), which must be less than 3 times, and interest cover, which must be greater than 4 times. At 30 June 2022, the Group's leverage was 0.2 times and interest cover was 61.6 times, both well within covenant limits. £38m of the facility plus the £20m accordion remained available at the balance sheet date (31 December 2021: £45m).

As part of the going concern review, the Group considers forecasts of the advertising market, from which the Group generates the majority of its cash inflows, as well as its prospects in the programme production market, to determine the impact on liquidity. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current available funding and financial covenants.

The Directors performed a full review of principal risks and uncertainties during 2021 as part of its process to review and approve the three-year plan covering the period to 31 December 2024. A severe but plausible downside scenario was identified that reflected crystallisation of a number of risks, including a downturn in advertising markets and a hiatus in programme production activity.

The Directors have assessed current trading relative to the budget for the year and reconfirmed that the downside scenario previously identified remains appropriate. Under this downside scenario, the Group generated sufficient cash to enable it to continue in operation, pay its obligations as they fall due and remain within its covenant levels.

Following completion of these activities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021. There were no changes to accounting standards in the period that had any material impact on the financial statements.

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

4. Judgements and estimates

Judgements

In the course of preparing the condensed interim financial statements, no judgements have been made in applying the Group's accounting policies that have had a significant effect on the amounts recognised in the condensed interim financial statements, other than those involving estimation below.

Estimates

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Inventory

Deferred programme production stock forms part of inventory and is stated in the financial statements at the lower of cost or net realisable value. The key assumption is estimating the likely future revenues for which associated programme costs are expensed in line with. A detailed forecast of future secondary sales is prepared by management based on historic experience and expected future trends. £0.5m was expensed through the income statement in the period (2021: £0.5m).

Pension obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of key assumptions. The assumptions used in determining the projected benefit obligation for pensions include the discount rate and mortality rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each period. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Regarding mortality, the base tables used are updated every three years (to coincide with triennial valuations) or more frequently when there is evidence of a change in experience. The CMI tables relating to future improvements in mortality are updated when new information is available, usually annually. Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 21 for further disclosure.

5. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks, to varying degrees: currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

There have been no changes in any risk management policies since the year end.

6. Seasonality of operations

In line with the UK advertising market, the autumn season provides the Group with its highest level of revenues, as trading picks up from the quieter summer months. The Studios business delivers the majority of its programmes to broadcasters in the second half of the year which results in higher work in progress inventory at the interim period end compared to the year end position (see note 16). In the current year, guidance is for the Studios division to generate revenues between £20m and £25m, of which £6.9m has been recognised in the six months ended 30 June 2022.

7. Business segments

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is by product. The Group's reportable segments, which remain the same as the prior year, are Broadcast, Digital and Studios. The trade of STV ELM, which was disposed of in August 2021, is included within 'Other' in the prior year comparative.

	Broadcast		**Digital**		**Studios**		**Other**		**Total**	
Six months	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Revenue										
Sales	**50.8**	50.2	**9.2**	8.5	**7.0**	6.2	**-**	0.9	**67.0**	65.8
Inter-segment sales	**(4.8)**	(5.3)	**-**	-	**(0.1)**	(0.2)	**-**	-	**(4.9)**	(5.5)
Segment revenue	**46.0**	44.9	**9.2**	8.5	**6.9**	6.0	**-**	0.9	**62.1**	60.3
Segment result										
Operating profit	**10.7**	10.5	**4.0**	3.9	**(1.0)**	(0.9)	**-**	-	**13.7**	13.5
Unallocated corporate expenses									**(1.8)**	(2.1)
Operating profit (excluding exceptional items)									**11.9**	11.4
Exceptional items									**-**	(1.7)
Finance costs									**(1.3)**	(1.2)
Profit before tax									**10.6**	8.5
Tax charge									**(2.2)**	(1.5)
Profit for the period									**8.4**	7.0

There has been no significant change in total assets from the amount disclosed in the last annual financial statements.

8. Exceptional items

2022

The Group did not incur any material exceptional costs or generate exceptional income in the interim period.

2021

In May 2021, the Group repaid the full amount of furlough grants received in 2020 under the Government's Coronavirus Job Retention Scheme (£1.7m) before resuming payment of cash dividends to shareholders. The Group presented the cost of repayment as exceptional so as not to distort the underlying trading results of the business.

9. Tax charge

	Six months 2022 £m	Six months 2021 £m
The charge for taxation is as follows:		
Charge for the period before exceptional items	**2.2**	1.8
Tax effect on exceptional items	**-**	(0.3)
Charge for the period	**2.2**	1.5

The tax on the results for the six month period is charged at the rate that represents the best estimate of the average annual effective tax rate (ETR) expected for the full year, applied to the pre-tax result for the six month period.

The ETR on the results has been charged at 20.2% (30 June 2021: 17.7% before exceptional items), which is higher than the standard rate of 19.0%, primarily because of the increased rate at which deferred tax is recognised.

On 3 March 2021, the UK Government announced a change in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The 25% rate was substantively enacted on 10 June 2021. The deferred tax assets at 30 June 2022 have been measured using the rates that apply in the periods when the underlying timing differences, on which deferred tax is recognised, are expected to unwind.

The ETR on exceptional items in the prior period was 19%. This related wholly to the repayment of furlough monies received which were treated as taxable in the prior year.

10. Earnings per share

The calculation of earnings per share is based on earnings after tax and the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held for use by the STV Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one type of dilutive potential ordinary share namely share options granted to employees.

The adjusted earnings per share figures have also been calculated based on earnings before adjusting items that are significant in nature and/or quantum and therefore considered to be distortive. The adjusting items include the impact of operating and non-operating exceptional items and the IAS 19 net financing cost; as well as the tax adjustments relating to these items. Adjusted earnings per share have been presented to provide shareholders with an additional measure of the Group's year-on-year performance.

Earnings per share	**Six months 2022 Pence**	Six months 2021 Pence
Basic earnings per share	**18.7p**	15.4p
Diluted earnings per share	**18.2p**	15.0p
Basic earnings per share (before exceptional items)	**18.7p**	18.4p
Diluted earnings per share (before exceptional items)	**18.2p**	17.9p
Adjusted basic earnings per share	**20.0p**	19.2p
Adjusted diluted earnings per share	**19.5p**	18.6p

The following reflects the earnings and share data used in the calculation of earnings per share:

Earnings	**Six months 2022 £m**	Six months 2021 £m
Profit for the period attributable to equity shareholders	**8.5**	7.1
Exceptional items (net of tax)	**-**	1.4
Profit for the period before exceptional items	**8.5**	8.5
Excluding IAS 19 financing cost	**0.6**	0.3
Adjusted profit	**9.1**	8.8

Number of shares	**Million**	Million
Weighted average number of ordinary shares in issue	**45.5**	45.4
Dilution due to share options	**1.1**	1.3
Total weighted average number of ordinary shares in issue	**46.6**	46.7

11. Dividends

A dividend of £3.3m relating to the year ended 31 December 2021 was paid from the parent company's accumulated realised profits in May 2022. (31 December 2021: final dividend of £2.7m paid in May 2021).

An interim dividend of 3.9p per share has been proposed and is subject to approval by the Board of Directors. It is payable on 3 November 2022 to shareholders who are on the register at 23 September 2022. This interim dividend, amounting to £1.8m has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2022.

12. Intangible assets

During the six months ended 30 June 2022, the Group incurred expenditure of £0.3m on web development (£0.4m in the year to 31 December 2021; £0.2m in the six months ended 30 June 2021). The net disposals amounted to £nil in the current period and for the year ended 31 December 2021.

13. Property, plant and equipment and right-of-use assets

During the six months ended 30 June 2022, the Group incurred expenditure of £1.9m on property, plant and equipment (£2.5m in the year ended 31 December 2021; £1.3m in the six months ended 30 June 2021). The net disposals amounted to £nil in the current period and for the year ended 31 December 2021.

During the six months ended 30 June 2022, the Group did not have any additions of right-of-use assets (£11.1m in the year ended 31 December 2021; £0.1m in the six months ended 30 June 2021). The net disposals amounted to £nil in the current period and for the year ended 31 December 2021.

14. Investments

On 9 March 2022, the Group acquired a 25% stake in quiz show producer Mighty Productions for consideration of £0.9m.

15. Deferred tax asset

At 30 June 2022, total deferred tax assets of £17.5m were recognised on the balance sheet (31 December 2021: £26.5m). Of this, £10.6m relates to the deficit on the Group's defined benefit pension schemes (31 December 2021: £19.8m) and the balance of £6.9m relates to tax losses, accelerated capital allowances and short-term timing differences (31 December 2021: £6.7m).

16. Inventory

	30 June 2022 £m	31 December 2021 £m
Deferred programme production	**11.4**	11.3
Programme production work in progress	**10.6**	5.9
Recorded programmes	**0.4**	0.5
	22.4	17.7

17. Trade and other receivables

	30 June 2022 £m	31 December 2021 £m
Trade receivables	**14.9**	18.6
Prepayments and contract assets	**8.2**	8.0
Other receivables	**4.8**	1.4
Income tax recoverable	**1.8**	2.5
	29.7	30.5
Amounts included in current assets	**29.2**	30.1
Amounts included in non-current assets	**0.5**	0.4
	29.7	30.5

18. Borrowings

In March 2021, the Group refinanced its bank facilities, agreeing a new £60m revolving credit facility, with £20m accordion, for a minimum tenor of 3 years with two one-year extension options available. One of the options was exercised in February 2022, extending maturity to March 2025. The covenant package is in line with the Group's previous facility, namely net debt to EBITDA must be less than 3 times, and interest cover must be greater than 4 times.

19. Share capital

Issued share capital at 30 June 2022 and 31 December 2021 amounted to £23.3m (46,722,499 shares).

20. Notes to the condensed interim statement of cash flows

	Six months 2022 £m	Six months 2021 £m
Operating profit	**11.9**	9.7
Adjustments for:		
Depreciation on property, plant and equipment	**1.3**	1.1
Amortisation of intangible assets	**0.5**	0.5
Amortisation of right-of-use assets	**0.7**	0.9
Share based payments	**0.1**	0.1
Increase in inventories	**(4.7)**	(8.3)
Decrease/(increase) in trade and other receivables	**2.5**	(1.8)
(Decrease)/increase in trade and other payables	**(1.6)**	5.4
Net decrease in STV ELM Ltd working capital	**-**	0.3
Cash generated by operations	**10.7**	7.9

Net debt reconciliation

	Long-term borrowings £m	**Cash and cash equivalents £m**	**Net cash/ (debt) £m**	**Lease liabilities £m**	**Net debt including lease liabilities £m**
At 1 January 2022	(14.4)	14.7	0.3	(20.9)	(20.6)
Cash flows	(6.8)	-	(6.8)	1.1	(5.7)
Non-cash flows (i)	(0.1)	-	(0.1)	(0.3)	(0.4)
At 30 June 2022	**(21.3)**	**14.7**	**(6.6)**	**(20.1)**	**(26.7)**

(i) Non-cash movements relate to the amortisation of borrowing costs (for long-term borrowings) and interest charged on lease liabilities.

21. Retirement benefit schemes

The fair value of the assets and the present value of the liabilities in the Group's defined benefit pension schemes at each balance sheet date was:

	At 30 June 2022 £m	At 31 December 2021 £m
Defined benefit scheme obligations	**(393.1)**	(519.4)
Defined benefit scheme assets	**350.8**	440.0

Net pension deficit	**(42.3)**	(79.4)

The reduction in the net pension deficit is largely driven by an increase in the discount rate due to a rise in corporate bond yields over the period, partly offset by the reduction in the market value of scheme assets.

Assumptions used to estimate the scheme obligations
The significant actuarial assumptions used for accounting purposes reflect prevailing market conditions in the UK and are as follows:

	At 30 June 2022 %	At 31 December 2021 %
Rate of increase in salaries	**nil**	nil
Rate of increase of pensions in payment	**3.35**	3.55
Discount rate	**3.85**	1.90
Rate of price inflation (RPI)	**3.35**	3.55

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each scheme and are reflected in the table below (average life expectations of a pensioner retiring at age 65).

	At 30 June 2022	At 31 December 2021
Retiring at balance sheet date:		
Male	**20.9**	21.0
Female	**23.1**	23.2
Retiring in 25 years		
Male	**22.1**	22.3
Female	**24.4**	24.6

The sensitivities regarding the principal assumptions used to measure the defined benefit obligation are set out below:

Assumption	**Change in assumption**	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 0.25%	Increase/decrease by 3%
Rate of price inflation (RPI)	Increase/decrease by 0.25%	Increase/decrease by 1%
Rate of mortality	Decrease by 1 year	Decrease by 4%

These sensitivities have been calculated to show the movement in the defined benefit obligations in isolation, and assuming no other changes in market conditions at the balance sheet date.

Funding arrangements
Deficit recovery plans, which end on 31 October 2030, were agreed in 2021 with aggregate monthly payments unchanged from the previous recovery plans. The 2022 deficit recovery payments will total £9.5m, with annual payments increasing at the rate of 2% per annum over the term of the recovery plans. Contingent funding payments equivalent to 20% of any outperformance above a benchmark of available cash will be paid to the schemes. This resulted in an additional £2.4m payment to the schemes in the interim period in relation to 2021.

22. Transactions with related parties

As disclosed in the 2021 Annual report, the Group has agreed to provide programme production financing to Two Cities Television Limited for the production of Blue Lights, a drama series commissioned by the BBC and scheduled for delivery in the second half of 2022. £3.0m was drawn down at the balance sheet date, with the facility maturing at the end of May 2023 by which time all monies will be repaid.

The Group provided advertising with an estimated fair value of £0.1m (2021: £0.4m) for nil consideration to the charity organisation STV Appeal.

23. Reconciliation of statutory results to adjusted results

In reporting financial information, the Group presents alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The Group makes certain adjustments to the statutory profit measures to exclude the effects of exceptional items and adjust for other material amounts that it believes are distortive to the underlying trading performance of the Group.

By presenting these alternative performance measures, the Group believes it is providing additional insight into the performance of the business that may be useful to stakeholders. Below sets out a reconciliation of the statutory results to the adjusted results:

	2022			2021		
	Operating profit £m	**Profit before tax £m**	**Basic EPS pence**	Operating Profit £m	Profit before tax £m	Basic EPS pence
Statutory result	**11.9**	**10.6**	**18.7p**	9.7	8.5	15.4p
Exceptional items (note 8)	**-**	**-**	**-**	1.7	1.7	3.0p
Result for the year before exceptional items	**11.9**	**10.6**	**18.7p**	11.4	10.2	18.4p
IAS 19 net finance costs	**-**	**0.6**	**1.3p**	-	0.4	0.8p
Adjusted results	**11.9**	**11.2**	**20.0p**	11.4	10.6	19.2p

Independent review report to STV Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed STV Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year results to 30 June 2022 of STV Group plc for the 6 month period ended 30 June 2022 (the "period").

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

The interim financial statements comprise:

- the Condensed interim balance sheet as at 30 June 2022;
- the Condensed interim income statement and Condensed interim statement of comprehensive income for the period then ended;
- the Condensed interim statement of cash flows for the period then ended;
- the Condensed interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year results to 30 June 2022 of STV Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

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

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

We have read the other information contained in the half year results to 30 June 2022 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half year results to 30 June 2022, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half year results to 30 June 2022 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the half year results to 30 June 2022, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the half year results to 30 June 2022 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow
6 September 2022