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THIS ANNOUNCEMENT INCLUDES INSIDE INFORMATION

12 November 2026

WH SMITH PLC

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2026

Transformation is underway to drive value

Financial results[1]:

- Total Group revenue up 5% to £1,625m (2025: £1,553m), with like-for-like ('LFL') growth of 2%
- UK revenue up 4%; North America ('NA') up 9%[2]; Rest of the World and Other ('ROW') up 1%[2]
- Headline Group profit before tax and non-underlying items[3,4] £76m (2025: £108m) in line with Company guidance, impacted by UK contract renewals, inflation and macro headwinds
- Non-underlying items[3] of £164m (2025: £92m) with cash outflow of £48m (2025: £38m), including Group transformation investments and impairments
- Headline diluted earnings per share ('EPS') before non-underlying items[3] of 30.3p (2025: 43.4p), reflecting lower profit after tax, increased share count following the equity placement in June and a greater share of North America profits attributable to non-controlling interests ('NCI')
- Free Cash Flow[3] of £52m (2025: £63m), supported by structural working capital improvements
- Headline net debt[3] reduced to £325m (2025: £390m) with leverage[3] of 2.0 times (2025: 2.1 times)
- First 10 weeks trading of current financial year is flat on a LFL basis reflecting ongoing consumer and macroeconomic pressures
- The Group continues to plan cautiously and currently expects Headline Group profit before tax and non-underlying items for the 12 months to August 2027 to be in line with current market expectations of £75m to £85m.

Leo Quinn, Executive Chair, commented:

"This last year, we have commenced a fundamental reset of the Group. The capital raise supported by our shareholders strengthened the balance sheet. It also enabled us to launch a self-help programme focused on restructuring the cost base, improving cash generation and accelerating our store portfolio rationalisation to eliminate loss-making investments. Going forward, our decisions and capital allocation will be aligned with a rigorous assessment of returns.

"In parallel, we are working to provide the Group with a foundation for sustainable, profitable growth, including investing in robust systems and governance processes to support successful execution. As we accelerate the pace, this must go hand in hand with building a high-performing retail culture that gives our people the confidence and accountability to make faster decisions and drive value.

"Whilst this is a complex programme, I am confident that delivering it will transform WHSmith over the medium-term into a Group capable of generating attractive returns, with significant annual free cash flow."

Group financial summary

£m (unless otherwise stated)	IFRS 2026	IFRS 2025	Pre-IFRS 16 2026	Pre-IFRS 16 2025
Revenue	**1,625**	1,553	**1,625**	1,553
Trading profit[3]	**149**	173	**130**	159
Profit before tax and non-underlying items	**73**	102	**76**	108
Non-underlying items	**(180)**	(100)	**(164)**	(92)
(Loss)/profit before tax	**(107)**	2	**(88)**	16
Net debt	**(849)**	(874)	**(325)**	(390)
Diluted earnings per share before non-underlying items	**28.8p**	39.5p	**30.3p**	43.4p
Basic loss per share	**(68.7)p**	(24.4)p	**(58.0)p**	(14.2)p

Total Group revenue increased by 5% on last year to £1,625m with LFL revenue[3] growth across Air in all divisions.

The Group generated a Headline trading profit of £130m in the year, with trading profit margins reducing to 8% (2025: 10%). This reflects the combined impacts of competitive UK airport contract renewals, inflation and a challenging macro trading environment. Headline profit before tax was £76m.

The Group IFRS loss before tax was £107m (2025: £2m profit).

Headline net debt at the end of the period was £325m (2025: £390m) with leverage reduced to 2.0 times (2025: 2.1 times), following the equity placement of £103m in June.

Current trading

In the first 10 weeks of the current financial year, Group LFL revenue was flat with total constant currency revenue growth of 1%. This was in line with the Group's expectations and reflects continued softer consumer demand arising from global macroeconomic pressures and lower passenger volumes in North America.

Revenue performance: 10 weeks to 7 November (% change vs 2026)	Total	Constant currency	LFL
UK	3	3	1
North America	2	2	(5)
Rest of the World	(7)	(8)	2
Group revenue	**1**	**1**	**0**

Outlook and FY27 planning assumptions

The Group continues to plan cautiously given the ongoing macroeconomic uncertainty. At the same time, the strengthening of the Group's foundations for future returns will continue at pace, together with the execution of opportunities for self-help.

For the 12-month period ending 31 August 2027, the Group is planning total revenue for each division on the following basis: UK broadly flat versus the prior year, North America growth of low single digit versus the prior year (with store exits/closures largely offsetting new store openings), and Rest of the World to decline 10-20% versus the prior year (depending on the timing of store exits already announced).

Headline trading profit margin is expected to be broadly flat on 2026; UK flat at around 12%, with a slight improvement in North America and ROW as the transformation benefits start to take effect. As a result, the Board currently expects full year Headline Group profit before tax and non-underlying items to be in line with current market expectations of £75m to £85m.

Headline net debt is expected to be around £320m at 31 August 2027.

FY27 technical planning assumptions for the Group can be found on page 6.

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WH Smith PLC's Preliminary Results 2026 are available at whsmithplc.co.uk.

This Announcement contains inside information and is issued on behalf of the Group by Ian Houghton, Company Secretary.

[1] All numbers presented throughout this statement are from continuing operations unless otherwise stated.
[2] Constant currency.
[3] Alternative Performance Measures (APMs) defined and explained in the Glossary on page 41.
[4] The Group continues to report profit and other key financial measures on a pre-IFRS 16 basis. Measures described as 'Headline' are presented pre-IFRS 16. Pre-IFRS 16 profit numbers exclude the impact of IFRS 16 by removing the depreciation on right-of-use (ROU) assets and interest arising on unwinding of discount on lease liabilities, offset by the impact of adding back in associated rental charges. Reconciliations from pre-IFRS 16 measures to IFRS 16 measures are provided in the Glossary on page 41.

Executive Chair Overview

Over the last few months, we have undertaken a detailed analysis of the Group's strategy and recent historical performance. It is clear from this that forced growth delivered a complex and siloed Group structure without scalable benefits. This resulted in increased costs, too many loss-making stores, acquisitions not integrated effectively and high organisational complexity.

The successful capital raise achieved with investors' support in the summer of 2026 has strengthened the balance sheet and reduced leverage to 2.0 times. It has enabled us to introduce a programme which we can execute at pace to strengthen the Group's foundations and to deliver self-help benefits, while making disciplined decisions on capital investment based on a clear returns criteria.

WHSmith is a business with significant strengths: a strong and recognised brand, attractive market positions, prime locations and a dedicated team. Its presence in the specialised travel retail sector has attractive structural growth projections over the medium and long-term. Although there are headwinds in the macro environment, our focus is on the areas which we control to deliver strengthened performance and cash generation:

- Transformation through investment in:
    - Restructuring the cost base and delivering operational efficiencies;
    - Rationalising the store estate to exit loss-makers; and
    - Systems and back-office infrastructure to improve operational execution and reduce costs
- Focus on cash generation and disciplined capital allocation
- Drive inventory improvements and working capital
- Improve commercial terms and delivery
- Build a high performing retail culture which empowers our people to make the right decisions

There is a cost to the transformation programme, but it is necessary to strengthen the foundations of the business to improve profitability. The programme costs are expected to complete in 2027/28 with the benefits to continue to accrue over the medium to long-term.

The focus in the UK division is to leverage its well-invested premium space to drive higher margins, cash generation and returns. During the year, more than 80% of UK Air contracts were secured under medium to long-term agreements. While the associated increase in rents in a more competitive environment is impacting profitability in the near-term, there are clear opportunities to recover the higher space costs over time through stronger commercial execution and a leaner operating model. Retail expansion is focused on better category mix to increase spend per passenger through basket size. During the year, refurbished one-stop-shop stores opened across Heathrow Terminals 3, 4 and 5, Liverpool, Belfast and East Midlands airports with the broader offer driving penetration, increasing basket size and average transaction value.

In North America, the Group is targeting a trading margin of more than 8% over the medium-term by exiting loss-making stores, increasing the mix of higher-return Travel Essentials and driving greater operational leverage, alongside disciplined investment in new growth opportunities. During the year, the core Travel Essentials business performed well with 26 new Travel Essentials stores opened. The pipeline of won and yet to open Travel Essentials stores is c.40, including recent wins. Continued infrastructure investment across North American airports is creating a pipeline of opportunities to secure further high-quality Travel Essentials space through disciplined capital allocation. This, combined with a tailored customer proposition, will increase spend per passenger and returns. In contrast, the Resorts and InMotion businesses continue to perform below expectations. Following a review of both businesses, the division closed 26 Resorts stores during the year and is on track to exit the remaining balance of fashion stores by April 2027. For the InMotion business, any future store openings will be limited.

In the ROW division, the Group is actively reshaping the portfolio around a smaller number of core directly operated markets, alongside a capital-light franchise business. Within the directly-run markets, new investments were agreed in the Republic of Ireland, including one-stop-shops at Dublin airport. The Group has exited Düsseldorf and Oslo airports and will exit the Netherlands, Sweden and Denmark in FY27, while discussions are ongoing to exit further markets or transition to franchise.

This is a complex transformation programme across the Group, but I am confident that delivering it will transform WHSmith over the medium-term into a Group capable of generating significant annual free cash flow and attractive returns.

The Group's remediation plan, implemented following the issues identified in the North America division in 2025, is well advanced, strengthening governance, controls and systems and establishing globally aligned processes.

The Group continues to cooperate with the FCA as part of an investigation into the Company in respect of its compliance with UK Listing Principles and Rules and the Disclosure and Transparency Rules in relation to the matters announced by the Company on 19 November 2025. The Group is committed to cooperating fully with any engagement in relation to the North America accounting issue from any regulatory body or other authority.

Group financial review

vs 2025	Revenue 2026 £m	Revenue 2025 £m	Total %	Constant currency %	LFL %
UK	870	834	4	4	2
North America	437	413	6	9	0
Rest of the World and Other	318	306	4	1	4
Group revenue	**1,625**	**1,553**	**5**	**5**	**2**

Total Group revenue at £1,625m (2025: £1,553m) was up 5% compared to the prior year and up 2% on a LFL basis.

UK revenue grew by 4%, with LFL growth of 2%. Hospitals delivered the strongest LFL performance at 6%, while Air and Rail each grew by 1%. UK Air performance reflected expected trading disruption during the store development programme and the impact of the Middle East conflict through the second half.

North America revenue increased by 9%[2], while LFL revenue was flat. Air grew by 15% at constant currency, largely driven by new Travel Essential store openings, with 1% LFL growth impacted by the macro environment and the Q4 reduction in passengers. Travel Essentials air formats were the strongest performing format within North America Air, with constant currency revenue growth of 23% and LFL growth of 3%. InMotion LFL revenue was down 3%. Resorts remained challenging, with LFL revenue down 8%, reflecting lower visitor numbers to Las Vegas.

In Rest of the World and Other, revenue grew by 1%[2], with LFL growth of 4%.

Group trading profit

£m	IFRS 2026	IFRS 2025	Pre-IFRS 16 2026	Pre-IFRS 16 2025
UK	**113**	131	**107**	130
North America	**26**	22	**15**	15
Rest of the World and Other	**10**	20	**8**	14
Group trading profit	**149**	173	**130**	159

The Group delivered a Headline trading profit in the year of £130m (2025: £159m). The UK decreased by £23m to £107m, reflecting increased rent costs from airport contract renewals alongside the challenging macro environment, as weaker consumer sentiment led to increased promotional activity in the second half, while brand marketing and supplier income declined year on year. North America remained flat at £15m, impacted by our ongoing transformation agenda and the macro headwinds. ROW decreased by £6m to £8m, reflecting a weaker performance in some markets as the portfolio is rationalised further and inflation in staff and logistics costs.

Group profit

Headline Group profit before tax and non-underlying items was £76m (2025: £108m), after incorporating unallocated central costs of £24m (2025: £25m) and Headline net finance costs of £30m (2025: £26m). The Group IFRS loss before tax was £107m (2025: £2m profit).

Headline non-underlying items amounted to £164m (2025: £92m). The largest category was the expected £103m of impairments and onerous-contract charges, largely in North America. Transformation costs, including investments to strengthen the foundations of the Group and improve profitability; restructuring; and store closures amounted to a further £41m.

Diluted Headline earnings per share, before non-underlying items, was 30.3p (2025: 43.4p). This reflects lower profit after tax; an increased share count following the equity placement in June; and a greater share of North America profits attributable to non-controlling interests.

Group cash flow and net debt

The Group generated Headline EBITDA[3] of £166m (2025: £187m) contributing to a free cash inflow of £52m (2025: £63m). The equity placement generated cash proceeds of £103m, and together with the free cash flow, offset by outflows including those for non-underlying items of £48m (2025: £38m); and discontinued operations of £14m (2025: £25m) contributed to the reduction in Headline net debt to £325m (2025: £390m).

Leverage at the 31 August 2026 was 2.0 times Headline EBITDA (2025: 2.1 times). Net debt including IFRS 16 lease liabilities at 31 August 2026 was £849m (2025: £874m).

Capital allocation framework

The Group is focused on reducing debt while continuing to invest selectively in the business. Priorities are set out below:

- Strengthen the balance sheet, through tighter cost control and improved cash generation. The Group is targeting leverage around 2.0 times in August 2027 and to continue deleveraging over the medium-term.
- Maintain disciplined investment to strengthen foundations and facilitate returns. Investments must meet or exceed our hurdle rates. Capital expenditure is expected to be approximately £85 million in FY27, reducing to below £80 million over the medium-term; and
- We will review capital returns in the medium-term, taking account of our balance sheet and investment priorities.

Technical planning assumptions FY27 (Pre-IFRS 16 basis)

		12 months to 31 August 2027
Operational	Total revenue	UK: Broadly flat North America: Low single digit growth Rest of the World: 10-20% decline
	Divisional Trading profit margin	UK: Flat, around 12% North America: Slight improvement Rest of the World: Slight improvement
	Headline Group profit before tax and non-underlying items	£75-85m Weighted to H2 as per FY26
Technical	Central costs	c.£28m
	Financing costs	c.£28m
	Effective tax rate	c.30%
	Cash tax	c.£20m
	Capital expenditure	c.£85m
	Working capital	c.£20m inflow
	Non-underlying items	P&L c.£30m / Cash c.£40m
	Non-controlling interests	P&L c.£13m / Cash c.£8m
	ESOP	c.£10m
	Headline net debt	c.£320m

Change of financial year-end

Following the change in seasonality of the Group as a result of the sale of the High Street business, WHSmith will change its financial year-end in 2027, moving from 31 August to 31 December.

The Group's reporting schedule following the change will be as follows:

- Trading update providing Group revenue to be published on 26 January 2027.
- Interim results for the six months ending 28 February 2027 to be published in April 2027.
- Trading update providing Group revenue to be published early September 2027.
- Second interim results for the twelve months ending 31 August 2027, to be published mid-October 2027.
- Final results for the sixteen months to 31 December 2027, together with a trading update for the four months ending 31 December 2027, to be published in March 2028.
- In 2028, the Group expects to publish final full year results for the 52-week period ending on or around 31 December in March and interim results by August. Quarterly trading updates are expected to be published in May and October.

Divisional review - UK

The UK is the Group’s largest division and has a market-leading position in Travel Essentials. As such, the focus is on driving higher margins, cash generation and returns through improved commercial execution, a leaner operating model and disciplined capital allocation.

Total revenue increased by 4% to £870m (2025: £834m) in the year, with LFL revenue up 2%. Headline trading profit was £107m (2025: £130m), reflecting the disruption from the store development programme, as expected, higher rents following competitive airport contract renewals, labour inflation and wider macroeconomic pressures.

% vs 2025	Total	LFL
Air	4	1
Hospitals	9	6
Rail	3	1
UK revenue	**4**	**2**

During the year, the UK division continued to invest in the quality of its estate and strengthen its one-stop-shop proposition, bringing together its core Travel Essentials categories to increase customer convenience and drive spend per passenger. FY26 saw the UK division complete its largest ever store development programme, including refurbished store openings across Heathrow Terminals 3, 4 and 5, East Midlands, Belfast, and Liverpool airports.

More than 80% of UK Air contracts are now secured, providing better-quality space with medium to long-term agreements. Although higher rental costs arising from a more competitive environment and inflation pressures will continue to impact profitability in the near term, stronger commercial and operational execution is planned to support margin recovery over time.

In addition, weaker consumer sentiment during the year resulted in increased promotional activity and a reduction in brand marketing, reflecting a more cautious supplier approach in an uncertain macroeconomic and geopolitical backdrop. Together, these factors reduced net margin to 12%. Cost-saving initiatives, including store and support centre restructuring, partly offset these pressures.

Having invested to establish and rapidly scale the core categories of food-to-go and health and beauty in recent years, the focus is now on optimising these categories to drive higher margins and returns. This includes refining food-to-go ranges to reduce waste and rationalising health and beauty ranges to concentrate inventory on the highest-performing product lines. The business has built a leading position in health and beauty in airports, successfully winning additional space from the incumbent health and beauty retailer across Heathrow Terminals 3, 4 and 5 and East Midlands airports.

Air revenue increased by 4%, with LFL revenue up 1%, reflecting store development activity and a more challenging trading environment.

Hospitals delivered the strongest performance, with revenue up 9% and LFL revenue up 6%, supported by the strong multi-format proposition and established third-party partnerships.

Rail revenue increased by 3%, with LFL revenue up 1%, with further opportunities to extend the one-stop-shop approach across the estate.

Looking ahead, the focus is now on driving greater returns from the UK estate: capturing more value from premium locations, increasing spend per passenger, maximising the one-stop-shop approach and using cost optimisation and operational leverage to deliver margin improvements and cash generation. The Group is targeting a UK trading margin of 12-13% over the medium-term.

Divisional review – North America

North America is an attractive market, supported by significant investment in airport infrastructure and long-term structural growth in passenger numbers. These macro fundamentals and the division's current low market share offer significant value to unlock. The Group is targeting a North America trading margin of more than 8% over the medium-term, through exiting loss-making stores, increasing the mix of higher-return Travel Essential stores and driving greater operational leverage, alongside disciplined capital investment in new opportunities.

During the year, total revenue in North America increased by 9%, on a constant currency basis, with total revenue up 6% to £437m (2025: £413m). The Air segment in North America was up 15% on a constant currency basis and LFL revenue increased by 1%. Within this, the Travel Essentials business was the key driver of performance, with total revenue on a constant currency basis up 23% and up 3% on a LFL basis. Resorts remained challenging, with LFL revenue down 8%, reflecting continuing lower visitor numbers to Las Vegas.

In North America, as a condition of our agreements with airports, partners take a minority interest in our stores, otherwise known as non-controlling interests. As the Air business continues to grow, a greater share of North America trading profits is attributable to NCIs. Actions are in place to evolve the NCI model with a focus on the cost allocation framework and commercial terms. For the year ahead, we would expect profit attributed to NCIs of c.£13m and in the medium term we would expect NCIs to share around 35% of North America trading profit.

Headline trading profit was £15m (2025: £15m), reflecting the Group's ongoing transformation agenda and macroeconomic headwinds.

Revenue by key channels

% vs 2025	Total	Constant currency	LFL
Air	12	15	1
Resorts	(16)	(14)	(8)
North America revenue	**6**	**9**	**0**

Air - Travel Essentials

The Travel Essentials business has delivered a strong performance, growing 23% on a constant currency basis and with LFL growth of 3%, underpinned by customer demand and attractive margins.

Travel Essentials is the division's most profitable segment. Over the past four years, the Travel Essentials business has grown from 37% of the overall North America business to now representing approximately 60% of total North America revenue. It is anticipated that as revenues grow and operations are strengthened, margins and cash will improve further, enhancing the North America division's value.

During the year, 26 new stores were opened, including at Albuquerque airport featuring a marketplace format. This replicates the Group's one-stop-shop format in the UK with higher spend per passenger and average transaction values, reflecting the greater range of categories and convenience in the customer journey.

Recent tender wins include 8 Travel Essential stores across Nashville, Seattle and Panama City airports. These stores have an average payback period of 2 years. These tender wins demonstrate a clear ability to continue to win in prime locations and drive attractive and profitable returns.

The division's new store pipeline is strong with c.40 stores already won and due to open over the next 2 years.

Air - InMotion

InMotion revenue decreased by 3% on a constant currency basis and 3% on a LFL basis in the year. The focus is now on strengthening the commercial proposition, simplifying ranges, improving availability and reducing working capital.

During the year, 15 stores were closed with 7 new store openings across Dallas, Denver, Detroit and Albuquerque airports, primarily as part of wider retail packages within these airports. Moving forward, new store openings will be limited.

Following a review of the existing store portfolio, it is anticipated that c.50 loss making or marginally profitable stores will close over the medium-term.

The reduced but higher performing store estate is expected to increase its margins over time, through range optimisation and better operational performance.

Resorts

Resorts revenue decreased by 14% on a constant currency basis and 8% on a LFL basis in the year, reflecting the store closure programme and the continued reduction in Las Vegas visitor numbers.

As previously announced, the Group does not plan to open any new stores in Resorts and decisive action has been taken in the year to begin a controlled exit of fashion stores and to reduce the number of speciality stores.

During the year, 26 Resort stores were closed, largely including 17 fashion and 5 speciality stores, where the leases were short or there were opportunities to exit without penalty. It is expected that the division will complete the exit of the fashion stores by April 2027.

Other format options or controlled exit options for the remaining speciality stores, where the lease arrangements run over the medium-term, are under review.

The Group is continuing to review its strategic options for the Welcome to Las Vegas stores.

The Hotel Convenience stores are profitable and cash generative and these will continue to be optimised.

Divisional review – Rest of the World and Other

The Rest of the World division delivered total revenue growth of 1% on a constant currency basis, with LFL revenue up 4%. Headline trading profit was £8m (2025: £14m), reflecting weaker performance in some markets as the division rationalises the portfolio and inflation in staff and logistics costs.

This division is focused on building stronger positions in core markets, rationalising sub-scale and lower-return operations and increasingly using a capital-light franchise model for growth. Direct investment will be concentrated in markets where the business has scale and expertise. Four uneconomic stores at Düsseldorf Airport were closed and the Group exited its Norwegian business. The Group also decided not to retender at Schiphol Airport in the Netherlands and will exit stores in Denmark and Sweden in FY27, consistent with the approach to reduce exposure to unprofitable markets.

Discussions are progressing on moving a number of other directly operated markets to a franchise model, further reducing capital intensity and operational complexity. At the same time, the Group continues to see attractive opportunities for international growth through franchise partnerships. During the year, new franchise stores were opened or secured in markets including Saudi Arabia, alongside further opportunities across the Middle East and other international markets.

Overall, the focus is on creating a simpler, more profitable and less capital-intensive international business, with stronger margins, cash generation and returns over the medium-term. The Group is targeting a ROW trading margin of around 5% over the medium-term.

CultPens.com delivered a good performance in the year, in line with expectations. The Group completed the sale of Cult Pens in early September 2026.

Financial review – Income Statement

£m	IFRS 2026	IFRS 2025	pre-IFRS 16 2026	pre-IFRS 16 2025
Revenue	**1,625**	1,553	**1,625**	1,553
Group trading profit	**149**	173	**130**	159
Unallocated central costs	**(24)**	(25)	**(24)**	(25)
Group operating profit before non-underlying items	**125**	148	**106**	134
Net finance costs	**(52)**	(46)	**(30)**	(26)
Group profit before tax and non-underlying items	**73**	102	**76**	108
Non-underlying items	**(180)**	(99)	**(164)**	(91)
Non-underlying items – finance costs	**-**	(1)	**-**	(1)
Group (loss)/profit before tax	**(107)**	2	**(88)**	16
Income tax credit/(charge)	**17**	(26)	**12**	(27)
Loss for the year – continuing operations	**(90)**	(24)	**(76)**	(11)
Loss for the year – discontinued operations	**(2)**	(113)	**(2)**	(135)
Loss for the year – total operations	**(92)**	(137)	**(78)**	(146)

Headline Group profit before tax and non-underlying items was £76m (2025: £108m). The Group IFRS loss before tax was £107m (2025: £2m profit).

Net finance costs

£m	IFRS 2026	IFRS 2025	Pre-IFRS 16 2026	Pre-IFRS 16 2025
Interest payable on bank loans and overdrafts	**20**	11	**20**	11
Interest on convertible bonds	**11**	15	**11**	15
Interest income on joint venture loans	**(1)**	-	**(1)**	-
Interest on lease liabilities	**22**	20	**-**	-
Net finance costs before non-underlying items	**52**	46	**30**	26

Headline net finance costs before non-underlying items for the year were £30m (2025: £26m). The increase principally reflects the higher cost of the US Private Placement ('USPP') notes and the term loan compared with the convertible bond that matured in May. Working capital management and the June equity placement partly offset that increase. The charge includes £6m (2025: £9m) relating to the non-cash debt accretion charge from the convertible bond.

Lease interest of £22m arises on lease liabilities recognised under IFRS 16, bringing the total net finance costs before non-underlying items on an IFRS basis to £52m (2025: £46m).

Tax

The Headline effective tax rate[3] was 29% (2025: 42%) on profit before tax and non-underlying items for the year. This is higher than the UK corporation tax rate of 25% largely due to the inability to recognise tax losses as deferred tax assets in countries being exited, or currently in a tax loss position.

Earnings per share (before non-underlying items)

£m (unless otherwise stated)	2026	2025
Headline profit before tax	**76**	108
Income tax expense	**(23)**	(45)
Headline profit for the year	**53**	63
Attributable to non-controlling interests	**(13)**	(7)
Headline profit for the year attributable to equity holders of WH Smith PLC	**40**	56
Weighted average shares (diluted) (no. of shares – millions)	**132**	129
Headline diluted EPS before non-underlying items (p)	**30.3p**	43.4p

Headline diluted EPS before non-underlying items was 30.3p (2025: 43.4p), a decrease of 30% on the previous year. The basic IFRS loss per share was 68.7p (2025: 24.4p loss).

Alongside lower profit before tax, this reflected the increased share count following the equity placement, and a greater share of North American profits attributable to NCI.

The share of profits attributable to NCI before non-underlying items, of £13m, includes a one-off charge relating to prior years of £2m. Growth of the North America Air business has also seen an increasing share of profits attributable to NCI. Actions are in place to evolve the NCI model with a focus on the cost allocation framework and commercial terms.

The diluted weighted average number of shares in issue used in the calculation of Headline diluted EPS reflects the number of shares held by the ESOP Trust.

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share that excludes certain items, which are considered non-underlying and exceptional due to their size, nature or incidence, or are not considered to be part of the normal operations of the Group. Non-underlying items in the year in the Income Statement are detailed in the table below.

£m	IFRS 2026	IFRS 2025	Pre-IFRS 16 2026	Pre-IFRS 16 2025
Transformation programmes	**(41)**	(25)	**(41)**	(25)
Regulatory and remediation related costs	**(14)**	(10)	**(14)**	(10)
Costs relating to M&A activity and Group legal entity structure	**-**	(1)	**-**	(1)
Amortisation of acquired intangible assets	**(3)**	(3)	**(3)**	(3)
Impairment of non-current assets	**(126)**	(53)	**(77)**	(24)
Provisions for onerous contracts	**2**	(3)	**(26)**	(24)
IFRS 16 remeasurement gains	**5**	-	**-**	-
Impairment of joint venture receivables	**(3)**	(3)	**(3)**	(3)
Other non-underlying costs	-	(1)	**-**	(1)
Total non-underlying items recognised in the income statement before finance costs	**(180)**	(99)	**(164)**	(91)

The non-underlying operating items included in the net charge of £164m, on a Headline basis, are in line with guidance and mainly consist of:

- Transformation programmes: charges total £41m in the year and comprise investments we are actively making to strengthen the foundations of the Group and improve returns, including restructuring and operational efficiencies (in-part as the UK and Rest of the World support centre teams come together); store closure programmes; and IT transformation costs;
- Regulatory and remediation related costs (£14m): professional fees linked to the regulatory review in North America;
- Impairment of non-current assets and associated onerous contract provisions (£103m): the charges largely relate to our North American store estate review, including: Speciality stores, InMotion and Resorts, together with a reassessment of how airport stores in North America are grouped together for impairment testing. These costs are largely non-cash.

The cash outflow totals £48m (2025: £38m), mainly relating to transformation programmes and spend relating to prior year charges, including the regulatory-related costs.

A Headline tax credit of £35m (2025: £18m) has been recognised in relation to the above items.

Non-underlying costs will continue through 2027/28 as we move closer to completing the existing programmes, with a total charge of c.£50m (FY27: c.£30m; FY28: c.£20m) and cash outflows of c.£65m (FY27: c.£40m to include payables timing from FY26; FY28: c.£25m). Of the total charge, transformation costs will form approximately £35m.

Non-underlying items from discontinued operations, relating to final separation costs from the sale of the High Street business in the prior year, total £2m (2025: Headline £146m; IFRS £137m). Cash outflows amounted to £14m (2025: £25m) including spend relating to prior year charges.

Financial review – Cash flow and net debt

Free cash flow

£m	2026	2025
Headline Group operating profit before non-underlying items	**106**	134
Depreciation, amortisation and impairment (pre-IFRS 16)[5]	**52**	51
Non-cash items	**8**	2
Headline EBITDA[5]	**166**	187
Capital expenditure	**(94)**	(81)
Working capital (pre-IFRS 16)[5]	**(3)**	4
Net tax refunded/(paid)	**3**	(28)
Net finance costs paid (pre-IFRS 16)[5]	**(20)**	(19)
Free cash flow	**52**	63

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

The Group generated a Headline EBITDA of £166m in the year (2025: £187m), contributing to a free cash inflow of £52m (2025: £63m). There was a working capital outflow of £3m in the year (2025: inflow of £4m) relating to a structural reduction in inventory across the Group and lower receivables, largely from lower supplier income and prompter cash collection. This was offset by the reversal of a one-off payables timing benefit from the prior year and normalisation of the payables position in the current year. Net corporation tax receipts in the year were £3m (2025: £28m payments) relating to FY25 recoveries.

Capex was £94m (2025: £81m) primarily related to investment in new stores and the development of existing locations.

£m	2026	2025
New stores and store development	**73**	54
Refurbishment and maintenance	**15**	16
Systems	**6**	9
Other	**-**	2
Group capital expenditure	**94**	81

Headline net debt

Headline net debt is presented on a pre-IFRS 16 basis.

£m	2026	2025
Opening Headline net debt	**(390)**	(371)
Free cash flow	**52**	63
Proceeds from equity placement	**103**	-
Distributions to non-controlling interests	**(5)**	(7)
Purchase of own shares for employee share schemes	**(10)**	-
Dividends paid	**(8)**	(43)
Purchase of own shares for cancellation	**-**	(50)
Receipt of pension surplus	**-**	75
Non-underlying items – continuing operations	**(48)**	(38)
Discontinued operations	**(14)**	(25)
Other	**(5)**	6
Closing Headline net debt	**(325)**	(390)
Net overdraft	***(5)***	*(70)*
Convertible bond	***-***	*(320)*
Term loan	***(120)***	-
US private placement	***(200)***	-

As at 31 August 2026, the Group had Headline net debt of £325m comprising term debt facilities of £120m, US private placements of £200m and net overdrafts of £5m (2025: £390m, convertible bonds of £320m and net overdrafts of £70m). On an IFRS 16 basis, net debt was £849m (2025: £874m), which includes an additional £524m (2025: £484m) of lease liabilities.

In addition to the free cash flow, the Group generated proceeds from the equity placement of £103m.

This was offset by a cash outflow in respect of non-underlying items from continuing operations of £48m (2025: £38m) mainly relating to transformation and restructuring projects and spend relating to prior year charges including the regulatory-related costs; and £14m (2025: £25m) of separation costs for discontinued operations.

Further cash outflows include payment of the final dividend for 2025 of £8m (2025: total dividends of £43m); purchase of own shares for employee share schemes of £10m (2025: £nil), of which £5m is advanced for 2027 purchases; and £5m (2025: £7m) for distributions to NCIs.

The Group repaid convertible bonds amounting to £327m in May 2026 upon maturity, drawing down on the USPP notes (£200m) and the term loan (£120m). The funding position comprises £720m of committed long-term facilities, including £200m of fixed-rate USPP notes, with no near-term refinancing requirement:

Group borrowing facilities	2026 £m	Maturity
Cash and cash equivalents	**43**	
Revolving credit facility[6]	**400**	June 2030
US private placement notes	**200**	2032-2037
Term loan	**120**	March 2029

[6] Drawdown of £48m as at 31 August 2026

Leverage

£m	2026	2025
Headline EBITDA	**166**	187
Headline net debt	**325**	390
Leverage - multiple	**2.0x**	2.1x

Leverage at 31 August 2026 was 2.0 times (2025: 2.1 times), comprising Headline net debt over Headline EBITDA. This provides headroom to the 3.0 times covenant although represents a seasonal low and the focus remains on deleveraging over the medium-term.

Financial review – Other measures

Fixed charges cover[3]

£m	2026	2025
Headline net finance costs before non-underlying items	**30**	26
Headline fixed rent	**181**	232
Total fixed charges	**211**	258
Headline EBITDA	**166**	187
Headline fixed rent	**181**	232
Headline EBITDA before fixed rent	**347**	419
Fixed charges cover - times	**1.6x**	1.6x

Fixed charges, comprising fixed rent and net finance costs, were covered 1.6 times (2025: 1.6 times) by Headline EBITDA before fixed rent.

Return on capital employed[3]

%	2026	2025
UK	**31**	38
North America	**5**	4
Rest of the World and Other	**17**	22
Group return on capital employed	**15**	18

Return on capital employed is calculated as the Group operating profit before non-underlying items as a percentage of operating capital employed and is stated on a pre-IFRS 16 basis. Operating capital employed is calculated as the 12-month average net assets, excluding net debt, retirement benefit surplus/obligation and net current and deferred tax balances. Returns declined in the year as investment increased and UK profit reduced. The medium-term target is for returns above 20%.

Balance sheet

£m	IFRS 2026	IFRS 2025	Pre-IFRS 16 2026	Pre-IFRS 16 2025
Goodwill and other intangible assets	**442**	447	**444**	449
Property, plant and equipment	**220**	254	**219**	251
Right-of-use assets	**361**	367	**-**	-
Retirement benefit surplus	**1**	1	**1**	1
Investments in joint ventures and associates	**3**	2	**3**	2
Non-current investments	**2**	4	**2**	4
Non-current assets	**1,029**	1,075	**669**	707
Inventories	**107**	148	**107**	148
Payables less receivables	**(132)**	(191)	**(132)**	(181)
Working capital	**(25)**	(43)	**(25)**	(33)
Net current and deferred tax asset	**44**	31	**41**	31
Derivative financial assets	**1**	-	**1**	-
Provisions	**(12)**	(1)	**(56)**	(25)
Operating assets	**1,037**	1,062	**630**	680
Net debt	**(849)**	(874)	**(325)**	(390)
Total net assets	**188**	188	**305**	290

The Group had Headline net assets of £305m, £15m higher than last year end reflecting the lower net debt offset by impairments and provisions recorded in the year. Under IFRS the Group had net assets of £188m (2025: £188m).

Store numbers

	31 August 2025	*Openings*	*Closures*	31 August 2026
UK	**593**	**8**	**(29)**	**572**
Air	*176*	*4*	*(17)*	*163*
Hospitals	*154*	*2*	*(2)*	*154*
Rail	*105*	*1*	*(5)*	*101*
Franchise/Other	*158*	*1*	*(5)*	*154*
North America	**362**	**33**	**(46)**	**349**
Travel Essentials	*151*	*26*	*(5)*	*172*
InMotion	*123*	*7*	*(15)*	*115*
Resorts	*88*	*-*	*(26)*	*62*
Rest of the World	**325**	**16**	**(29)**	**312**
Direct	*192*	*4*	*(15)*	*181*
Franchise	*103*	*6*	*(14)*	*95*
Joint venture	*30*	*6*	*-*	*36*
Group	**1,280**	**57**	**(104)**	**1,233**

As at 31 August 2026, the Group operated from 1,233 stores (2025: 1,280). As part of the Group's transformation to improve the quality of its space, 104 stores were closed in the year. The focus will remain on opening more profitable stores and better-quality space.

In the UK, 8 new stores were opened, and 29 stores were closed, which included the closure of certain smaller loss-making stores together with closures relating to landlord redevelopment or the blending of multiple stores into a single one-stop-shop. The UK store estate is expected to stay broadly stable in the medium term.

In North America, the Group now operates 287 stores in Air, of which around 60% are Travel Essentials. There were closures across InMotion and Resorts as part of the store rationalisation programme, which will continue into FY27, with new openings largely in Travel Essentials. The North America net store estate will slightly reduce over the medium term, although more weighted towards Travel Essentials.

Across Rest of the World, the Group is exiting sub-scale direct markets, contributing to the closure of 29 stores in the year. The division now operates from 312 stores. Of these, 58% are directly-run, 30% are franchise and 12% are joint venture and whilst the weighting to franchise will increase, the store estate will slightly reduce over the medium term.

Events after the balance sheet date

None to report.

Principal risks and uncertainties

During the year, the Board has undertaken a detailed review of the Company's principal and emerging risks. The Board review concluded that one principal risk be broadened, from 'International expansion' to 'Strategic change and transformation', together with the renaming, separation or combining of certain other principal risks.

The Group's redefined principal risks, together with the Group's risk management process, will be set out in the 2026 Annual Report and Accounts, and relate to the following areas: External environment and cost inflation; Winning, retaining and growing profitable space; Strategic change and transformation; Financial reporting integrity; Liquidity, financing and covenant compliance; Technology and cyber security; Operational and supply chain resilience; Health and safety, food safety and product quality; People, talent and culture; Corporate compliance and responsible business; and Climate change and environment.

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

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

WH Smith PLC

Group Income Statement

For the year ended 31 August 2026

		2026			2025		
£m	Note	**Before non-underlying items[1]**	**Non-underlying items[2]**	**Total**	Before non-underlying items[1]	Non-underlying items[2]	Total
Revenue	2	**1,625**	–	**1,625**	1,553	–	1,553
Group operating profit/(loss) – continuing operations	2,3	**125**	**(180)**	**(55)**	148	(99)	49
Net finance costs	5	**(52)**	–	**(52)**	(46)	(1)	(47)
Profit/(loss) before tax – continuing operations		**73**	**(180)**	**(107)**	102	(100)	2
Income tax (expense)/credit	6	**(22)**	**39**	**17**	(44)	18	(26)
Profit/(loss) for the year – continuing operations		**51**	**(141)**	**(90)**	58	(82)	(24)
(Loss)/profit for the year – discontinued operations		–	**(2)**	**(2)**	24	(137)	(113)
Profit/(loss) for the year – total operations		**51**	**(143)**	**(92)**	82	(219)	(137)
Attributable to equity holders of the parent		**38**	**(130)**	**(92)**	75	(219)	(144)
Attributable to non-controlling interests		**13**	**(13)**	**–**	7	–	7
		51	**(143)**	**(92)**	82	(219)	(137)
Loss per share – continuing operations							
Basic	8			**(68.7)**			(24.4)
Diluted	8			**(68.7)**			(24.4)
Loss per share – total operations							
Basic	8			**(70.2)**			(113.4)
Diluted	8			**(70.2)**			(113.4)

[1] Alternative performance measure. The Group has defined and explained the purpose of its alternative performance measures in the Glossary on page 41

[2] See Note 4 for an analysis of non-underlying items. See Glossary on page 41 for a definition of alternative performance measures

WH Smith PLC

Group Statement of Comprehensive Income

For the year ended 31 August 2026

£m	2026	2025
Loss for the year	**(92)**	(137)
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to the income statement:		
- Actuarial gains on defined benefit pension schemes	**1**	–
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**2**	(9)
	2	(9)
Other comprehensive income/(loss) for the year, net of tax	**3**	(9)
Total comprehensive loss for the year	**(89)**	(146)
Attributable to equity holders of the parent	**(90)**	(150)
Attributable to non-controlling interests	**1**	4
	(89)	(146)
Total comprehensive loss arising from:		
- Continuing operations	**(87)**	(33)
- Discontinued operations	**(2)**	(113)
	(89)	(146)

WH Smith PLC

Group Balance Sheet

As at 31 August 2026

£m	Note	2026	2025
Non-current assets			
Goodwill	12	**401**	402
Other intangible assets	12	**41**	45
Property, plant and equipment	12	**220**	254
Right-of-use assets	12	**361**	367
Investments in associates and joint ventures		**3**	2
Non-current investments		**2**	4
Retirement benefit surplus		**1**	1
Deferred tax assets		**43**	16
Trade and other receivables		**35**	25
		1,107	1,116
Current assets			
Inventories		**107**	148
Trade and other receivables		**86**	102
Derivative financial asset		**1**	–
Current tax receivable		**10**	23
Cash and cash equivalents	9	**43**	71
		247	344
Total assets		**1,354**	1,460
Current liabilities			
Trade and other payables		**(253)**	(318)
Bank overdrafts and other borrowings	9	**–**	(461)
Lease liabilities		**(106)**	(90)
Current tax payable		**(1)**	(1)
Short-term provisions		**(11)**	(1)
		(371)	(871)
Non-current liabilities			
Bank loans and other borrowings	9	**(368)**	–
Long-term provisions		**(1)**	–
Lease liabilities		**(418)**	(394)
Deferred tax liabilities		**(8)**	(7)
		(795)	(401)
Total liabilities		**(1,166)**	(1,272)
Total net assets		**188**	188
Shareholders' equity			
Called up share capital		**34**	28
Share premium		**413**	316
Capital redemption reserve		**14**	14
Translation reserve		**(14)**	(15)
Other reserves		**(304)**	(254)
Retained Earnings		**23**	69
Total equity attributable to equity holders of the parent		**166**	158
Non-controlling interests		**22**	30
Total equity		**188**	188

WH Smith PLC

Group Cash Flow Statement

For the year ended 31 August 2026

£m	Note	2026	2025
Operating activities			
Cash generated from continuing operations	10	**212**	330
Interest paid[1]		**(36)**	(32)
Financing arrangement fees		**(2)**	(3)
Net income taxes refunded/(paid)		**3**	(28)
Net cash (outflow)/inflow from operating activities – discontinued operations		**(15)**	9
Net cash inflow from operating activities		**162**	276
Investing activities			
Purchase of property, plant and equipment		**(87)**	(77)
Purchase of intangible assets		**(7)**	(4)
Receipt from settlement of financial instruments		**–**	7
Proceeds received from investments		**2**	8
Net cash inflow/(outflow) from investing activities – discontinued operations		**1**	(3)
Net cash outflow from investing activities		**(91)**	(69)
Financing activities			
Dividends paid	7	**(8)**	(43)
Proceeds from share placings		**103**	–
Purchase of own shares for employee share schemes		**(10)**	–
Purchase of own shares for cancellation		**–**	(50)
Distributions to non-controlling interests		**(5)**	(7)
Repayment of convertible bonds	9	**(327)**	–
Proceeds from term loans and US private placements	9	**320**	–
Net (outflow)/inflow on other borrowings	9	**(93)**	24
Capital repayments of obligations under leases[2]	9	**(79)**	(86)
Net cash outflow from financing activities – discontinued operations		**–**	(30)
Net cash outflow from financing activities		**(99)**	(192)
Net (decrease)/increase in cash and cash equivalents in the year		**(28)**	15
Opening cash and cash equivalents		**71**	56
Closing cash and cash equivalents	9	**43**	71

[1] Includes interest payments of £18m on lease liabilities (2025: £16m) for continuing operations. Interest payments on lease liabilities for discontinued operations were £nil (2025: £4m)

[2] Capital repayments of obligations under leases for discontinued operations were £nil (2025: £30m)

WH Smith PLC

Group Statement of Changes in Equity

For the year ended 31 August 2026

£m	Called up share capital and share premium	Capital redemption reserve	Translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 September 2025	**344**	**14**	**(15)**	**(254)**	**69**	**158**	**30**	**188**
Loss for the year – total operations	**–**	**–**	**–**	**–**	**(92)**	**(92)**	**–**	**(92)**
Other comprehensive income:								
Actuarial gains on defined benefit pension schemes	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Exchange differences on translation of foreign operations	**–**	**–**	**1**	**–**	**–**	**1**	**1**	**2**
Total comprehensive income/(loss) for the year	**–**	**–**	**1**	**–**	**(91)**	**(90)**	**1**	**(89)**
Issue of new shares	**103**	**–**	**–**	**–**	**–**	**103**	**–**	**103**
Employee share schemes	**–**	**–**	**–**	**(10)**	**2**	**(8)**	**–**	**(8)**
Dividends paid (Note 7)	**–**	**–**	**–**	**–**	**(8)**	**(8)**	**–**	**(8)**
Distributions to non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Transfer of Convertible bond reserve	**–**	**–**	**–**	**(40)**	**40**	**–**	**–**	**–**
Non-cash movement on non-controlling interests[1]	**–**	**–**	**–**	**–**	**11**	**11**	**(4)**	**7**
Balance at 31 August 2026	**447**	**14**	**(14)**	**(304)**	**23**	**166**	**22**	**188**

[1] Comprises a £17m increase relating to capital contributions from non-controlling interests; offset by a £10m reduction relating to the share of profit earned by non-controlling interests, which has reduced the receivable owed to the Group but is not distributed as a cash outflow; and a £11m reclass from Non-controlling interests to Retained earnings in relation to a change in methodology for allocating the share of profits to non-controlling interests

Group Statement of Changes in Equity (continued)

For the year ended 31 August 2026

£m	Called up share capital and share premium	Capital redemption reserve	Translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 September 2024	345	13	(9)	(268)	315	396	26	422
(Loss)/profit for the year – total operations	–	–	–	–	(144)	(144)	7	(137)
Other comprehensive loss:								
Exchange differences on translation of foreign operations	–	–	(6)	–	–	(6)	(3)	(9)
Total comprehensive (loss)/income for the year	–	–	(6)	–	(144)	(150)	4	(146)
Employee share schemes	–	–	–	–	5	5	–	5
Dividends paid (Note 7)	–	–	–	–	(43)	(43)	–	(43)
Share repurchase	(1)	1	–	–	(50)	(50)	–	(50)
Distributions to non-controlling interest	–	–	–	–	–	–	(7)	(7)
Non-cash movement on non-controlling interests[1]	–	–	–	–	–	–	7	7
Disposals of a business	–	–	–	14	(14)	–	–	–
Balance at 31 August 2025	**344**	**14**	**(15)**	**(254)**	**69**	**158**	**30**	**188**

[1] Comprises capital contributions from non-controlling interests

1. Material accounting policies

a. Basis of preparation

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

Statutory accounts for the year ending 31 August 2025 have been delivered to the Registrar of Companies and those for 2026 will be delivered following the Company's Annual General Meeting. The Annual Report for the year ending 31 August 2026 and this full year results statement were approved by the Board on 12 November 2026. The auditors have reported on the Annual Report for the years ended on 31 August 2026 and 2025 and neither report was qualified and neither contained a statement under Section 498(2) or (3) of the Companies Act 2006.

Following Board approval, the Group will be revising its financial year end to 31 December in 2027. The next consolidated financial statements will be prepared for the period 1 September 2026 to 1 January 2028. A retail calendar will be adopted.

The consolidated financial information for the year ended 31 August 2026 has been prepared on a consistent basis with the financial accounting policies set out in the Accounting Policies section of the WH Smith PLC Annual Report and Accounts 2025 except as described below.

New accounting standards adopted by the Group

The group has adopted the following amendment to the accounting standards which became mandatory for the year ended 31 August 2026:

Amendments to IAS 21	Lack of exchangeability

The group has considered the above new amendment and has concluded that it does not have a material impact on the Group's consolidated financial statements.

New accounting standards in issue but not yet effective

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

	Effective date:	**New Standards or amendments:**
Amendments to IFRS 9 and IFRS 7	Periods beginning on or after 1 January 2026	Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Periods beginning on or after 1 January 2026	Contracts Referencing Nature-dependent Electricity
IFRS 18	Periods beginning on or after 1 January 2027	Presentation and disclosure in financial Statements
IFRS 19	Periods beginning on or after 1 January 2027	Subsidiaries without public accountability: disclosures
IAS 21	Periods beginning on or after 1 January 2027	The Effects of Changes in Foreign Exchange Rates
IFRS 20	Periods beginning on or after 1 January 2029	Regulatory Assets and Regulatory Liabilities

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

IFRS 18 was issued in April 2024 and is effective for periods beginning on or after 1 January 2027. For the Group, this will be the 52-week period ending 30 December 2028 with no early adoption. IFRS 18 requires retrospective application. The standard will replace IAS 1 Presentation of Financial Statements. IFRS 18 will not change how items are recognised and measured, rather, it will require changes to the reporting of financial performance. Specifically classifying income and expenses into three new defined categories – operating, investing and financing – and two new subtotals "operating profit and loss" and "profit or loss before financing and income tax", as well as introducing disclosures of management defined performance measures ("MPMs") and enhancing general requirements on aggregation and disaggregation.

The Group's impact assessment and transition planning for IFRS 18 is currently in progress and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements, however there is no impact on presentation for the Group in the current year given the effective date.

1. Material accounting policies (continued)

a. Basis of preparation (continued)

Alternative Performance Measures (APM's)

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

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

The key APMs that the Group uses include measures before non-underlying items and measures pre-IFRS16 defined as 'Headline' including: Headline trading profit, Headline Group profit from trading operations, Headline profit before tax, Headline earnings per share, Headline EBITDA and Headline net debt. Other adjustments include: like-for-like revenue, Headline effective tax rate, gross margin, free cash flow, return on capital employed, fixed charges cover and leverage. These APMs are set out in the Glossary on page 41 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

Non-underlying items

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

Non-underlying items can include, but are not limited to, transformation, restructuring and store rationalisation costs linked to Board agreed programmes, costs relating to M&A activity, impairment charges and other property costs, regulatory-related costs, amortisation of intangible assets acquired in business combinations, and the related tax effect of these items. Reversals associated with items previously reported as non-underlying, such as reversals of impairments and releases of provisions or liabilities are also reported in non-underlying items.

Further details of non-underlying items recognised in the Income statement in the current and prior year are provided in Note 4.

Going concern

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

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

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

In making the going concern assessment, the directors have undertaken a rigorous assessment of current performance and forecasts for the 16-month period to December 2027, including expenditure commitments, capital expenditure and available borrowing facilities. The Group's borrowing facilities are described in the Financial review. The covenants on the Group's facilities are based on fixed charges cover and leverage and are tested half-yearly, with testing dates over the going concern period of February 2027, August 2027 and, as a result of the upcoming change of financial year end, December 2027. The directors have also considered the existence of factors beyond the going concern period that could indicate that the going concern basis is not appropriate.

The directors have modelled a base case scenario consistent with the latest Board approved forecasts, which include assumptions over passenger numbers, spend per passenger, cost inflation and headline trading margin. Forward assumptions are broadly in line with results achieved in the year to 31 August 2026. Under this scenario the Group has significant liquidity and complies with all covenant tests throughout the assessment period.

The directors have also modelled a severe but plausible downside scenario to incorporate macroeconomic uncertainties and challenges. This scenario represents a reduction to revenue assumptions of five per cent against the base case, together with a proportionate reduction in cost of sales and variable rents. Under this downside scenario, without any mitigations, the Group would continue to have significant liquidity headroom on its existing facilities and complies with all covenant tests throughout the assessment period.

1. Material accounting policies (continued)

b. Basis of preparation (continued)

Going concern (continued)

A reverse stress test scenario has also been conducted to understand the level of revenue downside that could be absorbed before covenants are breached. Under this scenario, after incorporating available certain mitigating actions, including no employee bonuses; and deferral of the purchase of shares for employee share schemes, a covenant breach occurs upon revenue decreasing by seven per cent throughout the going concern period.

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements and key sources of estimation uncertainty in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgement.

Critical accounting judgements relate to:

- non-underlying items (Note 4): the classification of items as non-underlying;
- store impairment indicator assessment (Note 12): evaluation of whether a cash generating unit represents an individual unit or store, or group of stores; and use of indicators to assess those cash-generating units where the carrying amount of store non-current assets may not be recoverable, and should be tested for impairment; and
- lease accounting: determining whether certain retail concession contracts meet the definition of a lease under IFRS 16; and determining the lease term for contracts where both an IFRS 16 lease exists and contains options to extend or terminate early.

Key sources of estimation uncertainty relate to:

- goodwill impairment assessment (Note 12): revenue and EBITDA margin growth assumptions in the Rest of the World and Other segment.

Management also considers that estimation uncertainty exists over the following areas, but with a limited risk of material change to amounts recognised within the next 12 months:

- valuation of inventory: inventory is carried at the lower of cost and net realisable value, which requires the estimation of sell-through rates, and the eventual sales price of goods to customers in the future; and
- supplier income (Note 11): the amount and timing of recognition of supplier income.

2. Segmental analysis of results

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

The information presented to the Board is prepared in accordance with the Group's IFRS accounting policies, with the exception of IFRS 16, and is shown below as Headline information in section b). A reconciliation to statutory measures is provided below in accordance with IFRS 8.

a) Revenue

£m	**2026**	2025
UK	**870**	834
North America	**437**	413
Rest of the World and Other	**318**	306
Revenue – continuing operations	**1,625**	1,553
Revenue – discontinued operations	**–**	358
Revenue – total operations	**1,625**	1,911

Rest of the World and Other revenue includes revenue from Australia of £91m (2025: £85m), Ireland £65m (2025: £64m) and Spain £67m (2025: £59m). No other country has individually material revenue in the context of total Group revenue.

2. Segmental analysis of results (continued)

b) Group results

£m	2026 Headline before non-underlying items[1]	2026 Headline non-underlying items[1]	2026 IFRS 16	2026 Total	2025 Headline before non-underlying items[1]	2025 Headline non-underlying items[1]	2025 IFRS 16	2025 Total
UK	**107**	**–**	**6**	**113**	130	–	1	131
North America	**15**	**–**	**11**	**26**	15	–	7	22
Rest of the World and Other	**8**	**–**	**2**	**10**	14	–	6	20
Group trading profit – continuing operations	**130**	**–**	**19**	**149**	159	–	14	173
Unallocated central costs	**(24)**	**–**	**–**	**(24)**	(25)	–	–	(25)
Group operating profit before non-underlying items – continuing operations	**106**	**–**	**19**	**125**	134	–	14	148
Non-underlying items (Note 4)	**–**	**(164)**	**(16)**	**(180)**	–	(91)	(8)	(99)
Group operating profit/(loss) – continuing operations	**106**	**(164)**	**3**	**(55)**	134	(91)	6	49
Finance costs	**(30)**	**–**	**(22)**	**(52)**	(26)	–	(20)	(46)
Non-underlying finance costs (Note 4)	**–**	**–**	**–**	**–**	–	(1)	–	(1)
Profit/(loss) before tax – continuing operations	**76**	**(164)**	**(19)**	**(107)**	108	(92)	(14)	2
Income tax (expense)/credit	**(23)**	**35**	**5**	**17**	(45)	18	1	(26)
Profit/(loss) for the year – continuing operations	**53**	**(129)**	**(14)**	**(90)**	63	(74)	(13)	(24)
(Loss)/profit for the year – discontinued operations	**–**	**(2)**	**–**	**(2)**	11	(146)	22	(113)
Profit/(loss) for the year – total operations	**53**	**(131)**	**(14)**	**(92)**	74	(220)	9	(137)

[1] Presented on a pre-IFRS 16 basis. Alternative Performance Measures are defined and explained in the Glossary on page 41

2. Segmental analysis of results (continued)

c) Other segmental items

	2026				
	Non-current assets[1]			Right-of-use assets	
£m	**Capital additions**	**Depreciation and amortisation**	**Impairment**	**Depreciation**	**Impairment**
UK	**37**	**(24)**	**–**	**–**	**–**
North America	**56**	**(20)**	**–**	**–**	**–**
Rest of the World and Other	**4**	**(8)**	**–**	**–**	**–**
Headline, before non-underlying items (pre-IFRS 16) – continuing operations	**97**	**(52)**	**–**	**–**	**–**
Headline non-underlying items (pre-IFRS 16)	**–**	**(3)**	**(77)**	**–**	**–**
Headline, after non-underlying items (pre-IFRS 16) – continuing operations	**97**	**(55)**	**(77)**	**–**	**–**
Impact of IFRS 16	**–**	**–**	**–**	**(77)**	**–**
Non-underlying items (IFRS 16)	**–**	**–**	**–**	**–**	**(49)**
Group – continuing operations	**97**	**(55)**	**(77)**	**(77)**	**(49)**
Group – discontinued operations	**–**	**–**	**–**	**–**	**–**
Group – total operations	**97**	**(55)**	**(77)**	**(77)**	**(49)**

	2025				
	Non-current assets[1]			Right-of-use assets	
£m	Capital additions	Depreciation and amortisation	Impairment	Depreciation	Impairment
UK	27	(22)	–	–	–
North America	48	(20)	–	–	–
Rest of the World and Other	12	(9)	–	–	–
Headline, before non-underlying items (pre-IFRS 16) – continuing operations	87	(51)	–	–	–
Headline non-underlying items (pre-IFRS 16)	–	(3)	(24)	–	–
Headline, after non-underlying items (pre-IFRS 16) – continuing operations	87	(54)	(24)	–	–
Impact of IFRS 16	–	–	–	(80)	–
Non-underlying items (IFRS 16)	–	–	–	–	(29)
Group – continuing operations	87	(54)	(24)	(80)	(29)
Group – discontinued operations	16	(10)	(76)	(18)	(62)
Group – total operations	103	(64)	(100)	(98)	(91)

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

3. Group operating profit/(loss)

£m	2026 Before non-underlying items	2026 Non-underlying items	2026 Total	2025 Before non-underlying items	2025 Non-underlying items	2025 Total
Revenue	**1,625**	**–**	**1,625**	1,553	–	1,553
Cost of sales	**(707)**	**–**	**(707)**	(664)	–	(664)
Gross profit – continuing operations	**918**	**–**	**918**	889	–	889
Distribution costs	**(661)**	**–**	**(661)**	(611)	–	(611)
Administrative expenses	**(140)**	**–**	**(140)**	(135)	–	(135)
Other income	**8**	**–**	**8**	5	–	5
Non-underlying items (Note 4)	**–**	**(180)**	**(180)**	–	(99)	(99)
Group operating profit/(loss) – continuing operations	**125**	**(180)**	**(55)**	148	(99)	49

£m from continuing operations	2026	2025
Cost of inventory recognised as an expense	**669**	624
Write-down of inventory in the year[1]	**45**	40
Depreciation of property, plant and equipment	**46**	45
Depreciation of right-of-use assets	**77**	80
Amortisation of intangible assets	**9**	9
Impairment of property, plant and equipment	**75**	24
Impairment of right-of-use assets	**49**	29
Impairment of intangible assets	**2**	–
Loss on disposal of property, plant and equipment	**3**	2
Expenses relating to leases:		
– expense relating to short-term leases	**14**	15
– expense relating to variable lease payments not included in the measurement of the lease liability	**40**	40
Other occupancy costs	**25**	24
Staff costs	**281**	268

[1] Includes non-underlying costs of £7m (2025: £nil)

4. Non-underlying items

Critical accounting judgement: Classification of non-underlying items

The Group has chosen to present a measure of profit and earnings per share that excludes certain items, which are considered non-underlying and exceptional due to their size, nature or incidence, or are not considered to be part of the normal operations of the Group. The Group's definition of non-underlying items is outlined in Note 1a and is applied consistently year on year. The classification of items as non-underlying requires management judgement.

The charge is mainly non-cash with a cash outflow of £48m (2025: £38m), mainly relating to transformation and restructuring projects and spend relating to prior year charges, including the regulatory-related costs. A tax credit of £39m (2025: £18m) has been recognised in relation to non-underlying items from continuing operations.

£m	**2026**	2025
Transformation programmes – IT and finance	**9**	11
Transformation programmes – operational efficiencies	**10**	11
Transformation programmes – supply chain	**–**	3
Transformation programmes – store rationalisation	**22**	–
Regulatory and remediation related costs	**14**	10
Costs related to M&A activity and Group legal entity structure	**-**	1
Amortisation of acquired intangible assets	**3**	3
Impairment of non-current assets		
- Property, plant and equipment	**75**	24
- Intangible assets	**2**	–
- Right-of-use assets	**49**	29
Provisions for onerous contracts	**(2)**	3
IFRS 16 remeasurement gains	**(5)**	–
Impairment of joint venture receivables	**3**	3
Other non-underlying costs	**–**	1
Non-underlying items, included in operating profit/(loss) – continuing operations	**180**	99
Finance costs associated with onerous contracts	**–**	1
Non-underlying items, before tax – continuing operations	**180**	100
Tax credit on non-underlying items	**(39)**	(18)
Non-underlying items, after tax – continuing operations	**141**	82
Non-underlying items, after tax – discontinued operations	**2**	137
Non-underlying items, after tax – total operations	**143**	219

Transformation programmes

Transformation costs total £41m in the year (2025: £25m) and comprise investments we are actively making to strengthen the foundations of the Group and improve returns, including restructuring and operational efficiencies (in-part as the UK and Rest of the World support centre teams come together); store closure programmes; and IT transformation costs. Transformation costs of this nature will continue throughout the next two financial years.

Administrative expenses of £9m (2025: £11m) have been classified as non-underlying in relation to a Board-approved IT transformation programme. The IT transformation programme includes one-off costs relating to upgrading core IT infrastructure, data migration and investment in data security, store systems modernisation and other significant IT projects. These strategic projects will provide additional stability, longevity and operational benefits. The programme's initial scope has been expanded to introduce a Board-approved finance transformation programme, which will include one-off costs in relation to the implementation of new core finance systems.

4. Non-underlying items (continued)

Transformation programmes (continued)

Costs of £10m (2025: £11m) have been classified as non-underlying in relation to Board-approved operational efficiency programmes targeted at delivering a more efficient operating model to support the Group's strategic objectives. This programme commenced in the year to 31 August 2025 and costs in the current year principally include administrative expenses of £5m in relation to head office restructuring across the UK and North America; and £4m in relation to inventory process transformation in North America. The inventory process transformation includes £1m of administrative expenses together with £3m of non-cash inventory write-downs.

Costs of £22m (2025: £nil) have been classified as non-underlying in relation to Board-approved store rationalisation programmes across all divisions. These programmes will result in the exit of sub-scale or loss-making markets or stores and restructure of support centre operations. Distribution costs of £13m have been recognised principally relating to store-level dilapidations and redundancies, together with non-cash inventory write-downs of £4m largely resulting from a smaller store base. Administrative costs of £5m have been recognised for support centre restructuring.

Regulatory and remediation related costs

Administrative expenses incurred during the period include £14m (2025: £10m) of professional fees in relation to the regulatory investigations into accelerated recognition of supplier income in North America. We expect further costs in FY27.

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets primarily relates to the MRG and InMotion brands (see Note 12).

Impairment of non-current assets, provisions for onerous contracts and IFRS 16 remeasurement gains

The Group has carried out an assessment for indicators of impairment of non-current assets across the store portfolio. Where an indicator of impairment has been identified, an impairment review has been performed to compare the value-in-use of cash generating units ('CGUs'), based on management's assumptions regarding likely future trading performance, to the carrying value of the CGUs.

As a result of this exercise, a non-cash charge of £126m (2025: £53m) was recorded within non-underlying items for impairment of non-current assets, of which £75m (2025: £24m) relates to property, plant and equipment, £2m (2025: £nil) relates to intangible assets and £49m (2025: £29m) relates to right-of-use assets. Of the total impairment charge, £9m (2025: £5m) is attributable to the UK operating segment, £106m (2025: £32m) to North America and £11m (2025: £16m) to Rest of the World and Other.

Refer to Note 12 for details of impairment of intangible assets, property, plant and equipment and right-of-use assets. The impairment recognised on a pre-IFRS 16 basis is provided in note A4 of the Glossary on page 47.

A non-cash credit of £2m (2025: charge of £3m) has been recognised in the income statement, arising from the release of amounts previously provided for the unavoidable costs of continuing to service a number of non-cancellable supplier and property contracts where the space is vacant, a contract is loss-making or currently not planned to be used for ongoing operations.

Non-cash IFRS 16 remeasurement gains of £5m (2025: £nil) have arisen from the derecognition of lease liabilities on exit of certain locations, in which right-of-use assets were previously impaired.

Impairment of joint venture receivables

The Group's other receivables include amounts due from non-controlling interest equity shareholders in certain of the Group's US subsidiaries which relate to amounts owed towards property, plant and equipment construction for stores and are received in accordance with the cash requirements of the subsidiary. Certain of these receivables are no longer considered to be recoverable based on the expected credit loss that considers the counterparty's ability to pay, which includes consideration of the financial outlook of the associated stores. Such non-cash expected credit losses of £3m (2025: £3m) are recognised within non-underlying items where an impairment charge for store non-current assets has also been recognised within non-underlying items.

5. Net finance costs

£m	2026	2025
Interest payable on bank loans and overdrafts	**20**	11
Interest on convertible bonds	**11**	15
Interest on joint venture loans	**(1)**	–
Interest on lease liabilities	**22**	20
Non-underlying finance costs	**–**	1
Total Group – continuing operations	**52**	47
Total Group – discontinued operations	**–**	3
Total Group	**52**	50

Interest on convertible bonds includes £4m (2025: £5m) coupon interest, £6m (2025: £9m) non-cash debt accretion charges and £1m (2025: £1m) fee amortisation.

6. Income tax (credit)/expense

£m	2026	2025
Tax on profit	**16**	23
Adjustment in respect of prior years	**2**	(6)
Total current tax expense	**18**	17
Deferred tax – current year	**4**	27
Deferred tax – prior year	**–**	2
Deferred tax – change in tax rates	**–**	(2)
Tax on profit before non-underlying items	**22**	44
Tax on non-underlying items – current tax	**(9)**	(10)
Tax on non-underlying items – deferred tax	**(30)**	(8)
Total tax on (loss)/profit – continuing operations	**(17)**	26
Total tax on loss – discontinued operations	**–**	(3)
Total tax on (loss)/profit – total operations	**(17)**	23

Reconciliation of the taxation (credit)/expense

£m	2026	2025
Tax on (loss)/profit at standard rate of UK corporation tax 25% (2025: 25%)	**(27)**	1
Tax effect of items that are not deductible or not taxable in determining taxable profit	**1**	5
Derecognition of previously recognised deferred tax balances and deferred tax not recognised on current year losses	**12**	31
Differences in overseas tax rates	**(2)**	1
Adjustment in respect of prior years – current tax	**2**	(6)
Adjustment in respect of prior years – deferred tax	**–**	2
Group relief for nil payment	**(3)**	(6)
Adjustment due to change in tax rates	**–**	(2)
Total income tax (credit)/expense – continuing operations	**(17)**	26

6. Income tax (credit)/expense (continued)

The effective tax rate[1] from continuing operations before non-underlying is 29% (2025: 42%). The UK corporation tax rate is 25 per cent effective from 1 April 2023.

The legislation implementing the Organisation for Economic Co-Operation and Development's (OECD) proposals for a global minimum corporation tax rate (Pillar Two) was substantively enacted in the UK on 20 June 2023 and applies to reporting periods beginning on or after 1 January 2024. Under the legislation the Group is liable to pay a top-up tax for the difference between their Global Anti-Base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. The rules are applicable to the Group from the year ended 31 August 2025. The Group has performed an assessment of the Group's potential exposure to Pillar Two top-up taxes. Based on this assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15% or will meet the financial thresholds required to meet the Transitional Safe Harbour Rules. However, there are a limited number of jurisdictions where the Transitional Safe Harbour relief does not apply, and the Pillar Two effective rate is close to 15%. There is not a material exposure to Pillar Two taxes in those jurisdictions. The Group applies the temporary exception from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred taxes in relation to Pillar Two.

[1]Presented on a pre-IFRS 16 basis. Alternative performance measures are defined and explained in the Glossary on page 41.

7. Dividends

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

£m	**2026**	2025
Dividends		
Final dividend for the year ended 31 August 2025 of 6.0p per ordinary share	**8**	–
Final dividend for the year ended 31 August 2024 of 22.6p per ordinary share	**–**	29
Interim dividend for the year ended 31 August 2025 of 11.3p per ordinary share	**–**	14
	8	**43**

The Board has not declared an interim or final dividend in respect of the year ended 31 August 2026.

8. Earnings per share

a) Earnings

£m	2026	2025
Profit for the year before non-underlying items, attributable to equity holders of the parent – continuing operations	**38**	51
Non-underlying items, after tax (Note 4)	**(128)**	(82)
Loss for the year, attributable to equity holders of the parent – continuing operations	**(90)**	(31)
Loss for the year – discontinued operations	**(2)**	(113)
Total loss for the year, attributable to equity holders of the parent	**(92)**	(144)

b) Weighted average share capital

Number (millions)	2026	2025
Weighted average ordinary shares in issue	**132**	129
Less weighted average ordinary shares held in ESOP Trust	**(1)**	(2)
Weighted average shares in issue for earnings per share	**131**	127
Add weighted average number of ordinary shares under option	**1**	2
Weighted average ordinary shares for diluted earnings per share	**132**	129

c) Basic and diluted earnings per share

Pence	2026	2025
Basic earnings per share before non-underlying items – continuing operations	**29.0**	40.2
Basic loss per share – continuing operations	**(68.7)**	(24.4)
Basic loss per share – discontinued operations	**(1.5)**	(89.0)
Basic loss per share – total operations	**(70.2)**	(113.4)
Diluted earnings per share before non-underlying items – continuing operations	**28.8**	39.5
Diluted loss per share – continuing operations	**(68.7)**	(24.4)
Diluted loss per share – discontinued operations	**(1.5)**	(89.0)
Diluted loss per share – total operations	**(70.2)**	(113.4)

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

When the numerator in the earnings per share calculation is a loss, the weighted average number of ordinary shares applied is the basic value, rather than the diluted value, as the inclusion of potentially dilutive shares would improve the loss per share. As at 31 August 2025, the convertible bond had no dilutive effect as the inclusion of these potentially dilutive shares would have improved earnings per share. The convertible bond was repaid in May 2026.

The calculation of earnings per share on a pre-IFRS 16 basis is provided in the Glossary on page 48.

9. Analysis of net debt

Movement in net debt can be analysed as follows:

£m	Term loan	USPP	Convertible bonds	Revolving credit facility	Leases	Sub-total liabilities from financing activities	Cash and cash equivalents	Net debt
At 1 September 2025	**–**	**–**	**(320)**	**(141)**	**(484)**	**(945)**	**71**	**(874)**
Bond accretion and fee amortisation	**–**	**–**	**(7)**	**–**	**–**	**(7)**	**–**	**(7)**
Lease additions, disposals, modifications and interest	**–**	**–**	**–**	**–**	**(138)**	**(138)**	**–**	**(138)**
Cash movements	**(120)**	**(200)**	**327**	**93**	**97**	**197**	**(28)**	**169**
Currency translation	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**1**
At 31 August 2026	**(120)**	**(200)**	**–**	**(48)**	**(524)**	**(892)**	**43**	**(849)**

£m	Convertible bonds	Revolving credit facility	Leases	Sub-total liabilities from financing activities	Cash and cash equivalents	Net debt
At 1 September 2024	(310)	(117)	(626)	(1,053)	56	(997)
Business disposals	–	–	97	97	–	97
Bond accretion and fee amortisation	(10)	–	–	(10)	–	(10)
Lease additions, modifications and interest	–	–	(93)	(93)	–	(93)
Cash movements	–	(24)	136	112	15	127
Currency translation	–	–	2	2	–	2
At 31 August 2025	(320)	(141)	(484)	(945)	71	(874)

An explanation of Alternative Performance Measures, including Headline net debt on a pre-IFRS 16 basis, is provided in the Glossary on page 41.

Cash and cash equivalents

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

Lease liabilities

Non-cash movements in lease liabilities mainly relate to new leases, modifications, remeasurements and interest in the year. Cash movements on leases include principal repayments of £79m (2025: £116m) and interest paid of £18m (2025: £20m).

Revolving credit facilities

The Group has a £400m committed revolving credit facility (“RCF”). The last extension option was exercised during the previous financial year, taking the maturity to 13 June 2030.

The RCF is provided by a syndicate of banks: Barclays Bank PLC, BNP Paribas, Citibank N.A. London Branch, Fifth Third Bank National Association, HSBC UK Bank PLC, JP Morgan Securities PLC, PNC Capital Markets LLC, Banco Santander SA London Branch and Skandinaviska Enskilda Banken AB (PUBL). Utilisation is interest bearing at a margin over SONIA. As at 31 August 2026, the Group has drawn down £48m on the RCF (2025: £141m).

Transaction costs relating to the RCF have been capitalised and are amortised to the Income statement on a straight-line basis.

9. Analysis of net debt (continued)

Revolving credit facilities (continued)

The Group considers there is a right to defer settlement of the amount drawn down on the revolving credit facility for at least 12 months from the reporting date. Accordingly, the amount drawn down has been presented as a non-current liability as at 31 August 2026. The Group assessed that the right to defer settlement did not exist as at 31 August 2025.

Convertible bonds

The Group previously issued £327m guaranteed senior unsecured convertible bonds on 7 May 2021 with a 1.625 per cent coupon. The bonds were redeemed at par on 7 May 2026 and were not converted into new or existing ordinary shares of WH Smith PLC.

Term loans

The Group has a £120m committed term loan. The term loan had two uncommitted extension options, of which the first extension option was exercised during the year, taking the maturity date to 24 March 2029. The term loan has one uncommitted extension option left, which would, subject to lender approval, extend the maturity date to 24 March 2030.

The term loan is provided by a syndicate of banks: Fifth Third Bank National Association, HSBC UK Bank PLC, Banco Santander SA London Branch and Skandinaviska Enskilda Banken AB (PUBL). Utilisation is interest bearing at a margin over SONIA. On 5 May 2026, the term loan was fully drawn.

Transaction costs relating to the term loan have been capitalised and are amortised to the Income statement on a straight-line basis.

US private placements

The Group has £200m of committed US private placement ("USPP") notes which have a tenor of seven, ten and 12 years. Utilisation is interest bearing at a fixed rate. On the 11 March 2026, the USPP was fully drawn.

Transaction costs relating to the USPP have been capitalised and are amortised to the Income statement on a straight-line basis.

Backstop facility

In November 2025, the Group entered into a £200m syndicated 12-month term loan.

In March 2026 the loan was cancelled.

10. Cash generated from continuing operations

£m	2026	2025
Group operating (loss)/profit – continuing operations	**(55)**	49
Depreciation of property, plant and equipment	**46**	45
Impairment of property, plant and equipment	**75**	24
Amortisation of intangible assets	**9**	9
Impairment of intangible assets	**2**	–
Depreciation of right-of-use assets	**77**	80
Impairment of right-of-use assets	**49**	29
Share-based payments	**2**	3
Gain on remeasurement of leases	**(6)**	(1)
Amortisation of long-term debtor	**4**	1
Other non-cash items (incl. foreign exchange and loss on disposal of property, plant and equipment)	**2**	(2)
Non-underlying write-down of inventory	**7**	–
Decrease/(increase) in inventories	**35**	(22)
Decrease in receivables	**13**	9
(Decrease)/increase in payables	**(59)**	33
Receipt of retirement benefit surplus	**–**	75
Increase/(decrease) of provisions (through income statement)	**11**	(2)
Cash generated from continuing operations	**212**	330

11. Supplier Income

Other estimates: Supplier income

Management is required to make estimates in determining the amount and timing of recognition of supplier income for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimates the probability that the Group will meet contractual target volumes, based on historical and forecast performance. The Group considers that while there is inherent estimation, there is limited risk of a material change in the amounts recognised or disclosed in the next financial year. This in-part reflects a high volume of low-value contracts with suppliers, with varying terms of agreement.

Management considers the best indicator of the estimation undertaken is by reference to supplier income balances not settled at the balance sheet date and has therefore provided additional disclosures of supplier income amounts reflected in the Group balance sheet.

Amounts related to supplier income held on the Balance Sheet are as follows:

£m	2026	2025
Within inventories	**(9)**	(8)
Within trade and other receivables		
Trade receivables	**35**	44
Accrued income	**23**	23
Within trade and other payables		
Trade payables[1]	**2**	14
Deferred income	**(12)**	(20)

[1] Trade payables is stated net of £2m (2025: £14m) amounts receivable from suppliers in relation to supplier income, that has been invoiced, for which the Group has the right and intention to set off against amounts payable at the balance sheet date

12. Non-current assets

Key source of estimation uncertainty: Short-term revenue and EBITDA margin growth assumptions adopted for Rest of the World and Other segment in impairment testing for goodwill and other indefinite-lived intangible assets

When an impairment test is performed, the recoverable amount is determined based on value-in-use calculations. The key assumptions that underpin the value in-use calculations comprise revenue and EBITDA margin growth in the initial forecast period, the pre-tax discount rate and the long-term growth rate. For the Rest of the World and Other operating segment, reasonably possible changes to revenue or EBITDA margin growth assumptions may result in the recoverable amount being equal to the carrying value. Refer to information set out below for further detail, including sensitivity analysis.

Critical accounting judgement: Store impairment indicator assessment

Property, plant and equipment and right-of-use assets with definite useful lives at a store level are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of indicators requires judgement. Such indicators may include, but are not limited to: loss-making stores; planned store closures; stores that are marginally profitable but with a significant asset base; and stores that have experienced a significant deterioration in performance in the year.

Critical accounting judgement: Store impairment cash-generating unit assessment

For impairment testing purposes, the Group has determined that each store is a separate cash-generating unit ('CGU') or in certain cases a group of stores is considered to be a CGU where the stores do not generate largely independent cash inflows. The determination requires judgement and factors considered may include, but are not limited to: the level at which financial and operational performance is monitored by management; the level at which decisions are made regarding the continuing or exiting of store operations; the existence of multiple stores of the same brand at the same location; and the contractual arrangements in place.

In the year, the Group has reassessed and changed its CGU grouping in North America airports linked to its review of the store estate that commenced in the year together with consideration of the level at which airport store financial performance is now monitored by management and the ability to exit individual stores including the contractual arrangements in place.

Explanation of movements in the year

During the year ended 31 August 2026, there were additions to property, plant and equipment of £90m (31 August 2025: £96m). There were foreign exchange movements of £nil (31 August 2025: adverse movements of £3m) and net disposals of tangible assets during the year of £3m (31 August 2025: £2m).

During the year ended 31 August 2026, there were additions to right-of-use assets of £92m (31 August 2025: £75m) and modifications and remeasurements of £37m (2025: £1m), offset by disposals of £7m (2025: £3m).

Additions to intangible assets totalled £7m (31 August 2025: £7m) in the period.

Goodwill decreased by £1m in the period as a result of adverse movements in exchange rates (31 August 2025: decreased by £24m as a result of £15m goodwill impairment relating to the High Street segment and £9m adverse movement in exchange rates).

Impairment of goodwill and other indefinite lived intangible assets

The Group tests indefinite lived intangible assets, goodwill and tenancy rights, for impairment annually or where there is an indication that goodwill might be impaired. Other intangible assets, including acquired brands and software, have been assessed for indicators of impairment during the year.

For impairment testing purposes, goodwill is allocated to groups of CGUs in a manner that is consistent with our operating segments, as this reflects the lowest level at which goodwill is monitored. All goodwill has arisen on acquisitions of groups of retail stores. These acquisitions are then integrated into the Group's operating segments as appropriate.

Goodwill and tenancy rights, have been tested for impairment by comparing the carrying amount of each group of CGUs (considered to be the Group's three continuing operating segments) with the recoverable amount determined from value-in-use calculations. The value-in-use of each group of CGUs has been calculated using cash flows derived from the Group's latest Board-approved budget and three-year plan, "the initial forecast period".

Cash flows beyond the initial forecast period are extrapolated for up to two further years using estimated mid-term growth rates, and then into perpetuity using estimated long-term growth rates.

The key assumptions that underpin the value-in-use calculations comprise revenue and EBITDA margin growth in the initial forecast period, the pre-tax discount rate and the long-term growth rate.

12. Non-current assets (continued)

Impairment of goodwill and other indefinite-lived intangible assets (continued)

Revenue growth assumptions over the initial forecast period are broadly in line with long-term growth rate assumptions. Revenue growth and EBITDA margin assumptions were determined based on management's best estimates of market conditions and future achievable growth, giving consideration to the extrapolation of historical trends within the Group and external information on expected future trends.

The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates used in the calculations were 11.2 per cent for the UK, 10.7 per cent for North America and 11.0 per cent for Rest of the World and Other (2025: 12.6 per cent for all segments).

The long-term growth rate assumption is two per cent (2025: two per cent), having considered a variety of external and industry data points.

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

The value-in-use estimates indicated that the recoverable amount exceeded the carrying value for each group of CGUs. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year for these segments (2025: £nil).

Management has considered a range of sensitivities for these segments in applying reasonably possible changes to each of the key assumptions. Reasonably possible changes to the long-term growth rate or discount rate, defined as a 100 basis point change to the assumption, do not result in the recoverable amount reducing below the carrying value for any segment.

Reasonably possible changes to revenue or EBITDA margin growth, in isolation, could result in the recoverable amount reducing below the carrying value for the Rest of World and Other segment. The recoverable amount currently exceeds the carrying value by £57m for the Rest of the World and Other segment, but would be equal, if, with approximately one third of the impact mitigated by lower variable costs, revenues were to miss forecasts in each year of the initial forecast period and the terminal value year by three per cent, or if headline EBITDA were to miss forecasts by 26 per cent.

In the UK and North America segments, the recoverable amount would be equal to the carrying value if revenues were to miss forecasts by 13 per cent and five per cent respectively, with approximately one third of the impact mitigated by lower variable costs, or if headline EBITDA were to miss forecasts by 51 per cent and 21 per cent respectively.

Impairment of store-based property, plant and equipment and right-of-use assets

For impairment testing purposes, the Group has determined that each store is a separate cash-generating unit ("CGU") or in certain cases a group of stores is considered to be a CGU where the stores do not generate largely independent cash inflows.

For those CGUs where an indicator of impairment has been identified, property, plant and equipment and right-of-use assets have been tested for impairment by comparing the carrying amount of the CGU with its recoverable amount determined from value-in-use calculations.

The value-in-use of CGUs is calculated in a consistent manner with and underpinned by the same key assumptions as those described for the goodwill impairment assessment. Cash flows have been included for the remaining lease life for the specific store.

The useful economic lives of store assets are short in the context of climate change scenario models; therefore, no medium to long-term effects have been considered.

Where the value-in-use was less than the carrying value of the CGU, an impairment of property, plant and equipment, intangible assets and right-of-use assets was recorded. The Group has recognised an impairment charge of £75m (2025: £81m) to property, plant and equipment, £2m (2025: £4m) to intangible assets and £49m (2025: £91m) to right-of-use assets.

Of the total impairment of property, plant and equipment, intangible assets and right-of-use assets described above, £9m (2025: £5m) is attributable to the UK operating segment, £106m (2025: £32m) to North America and £11m (2025: £16m) to Rest of World and Other.

12. Non-current assets (continued)

Impairment of store-based property, plant and equipment and right-of-use assets (continued)

North America impairment charges, of which £62m is attributable to property, plant and equipment and £44m is attributable to right-of-use assets, have principally arisen due to 1) a reassessment and change of the airport CGU grouping, linked to the Group's review of the store estate in the year together with consideration of the level at which airport store financial performance is now monitored by management and the ability to exit individual stores including the contractual arrangements in place; and 2) trading conditions across certain recently opened poorly performing stores, principally InMotion and Speciality formats.

Management has considered a range of sensitivities in applying reasonably possible changes to each of the key assumptions, both individually and in combination. Reasonably possible changes to the key assumptions would not result in a material change to the impairment charge.

Impairments to non-current assets have been presented as non-underlying items (see Note 4).

13. Contingent liabilities and capital commitments

£m	**2026**	2025
Bank guarantees and guarantees in respect of lease agreements	**78**	76

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

Contracts placed for future capital expenditure approved by the directors but not provided for in these financial statements amount to £59m (2025: £66m).

£m	**2026**	2025
Commitments in respect of property, plant and equipment	**58**	65
Commitments in respect of other intangible assets	**1**	1
	59	66

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures, "APMs", which are not defined or specified under the requirements of IFRS.

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

Alternative performance measures reflect continuing operations unless otherwise stated.

Non-underlying items

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

Non-underlying items can include, but are not limited to, transformation, restructuring and store rationalisation costs linked to Board agreed programmes, costs relating to M&A activity, impairment charges and other property costs, regulatory-related costs, amortisation of intangible assets acquired in business combinations, and the related tax effect of these items. Reversals associated with items previously reported as non-underlying, such as reversals of impairments and releases of provisions or liabilities, are also reported in non-underlying items.

IFRS 16

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

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

The impact of the application of IFRS 16 on the Income statement and Segmental information is provided in Note A2 and Note 2 to the financial statements. There is no impact on cash flows, although the classification of cash flows has changed, with an increase in net cash flows from operating activities being offset by a decrease in net cash flows from financing activities, as set out in Note A11 below. The balance sheet as at 31 August 2026, both including and excluding the impact of IFRS 16, is shown in Note A9 below.

Leases policies applicable prior to 1 September 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Rentals payable and receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

WH Smith PLC

Glossary (unaudited)
For the year ended 31 August 2026

Definitions and reconciliations

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

APM	Closest equivalent IFRS measure	Note reference	Definition and purpose
Headline measures	Various	See Notes A2 to A14	Headline measures exclude the impact of IFRS 16 (applying the principles of IAS 17). Reconciliations of all Headline measures are provided in Notes A2 to A14.
Income statement measures			
Like-for-like revenue	Movement in revenue per the income statement	See Note A1	Like-for-like revenue is the change in revenue from stores that have been open for at least a year, with a similar selling space at a constant foreign exchange rate.
Group profit before tax and non-underlying items	Group profit before tax	See Group income statement and Note A2	Group profit before tax and non-underlying items excludes the impact of non-underlying items as described below. A reconciliation from Group profit before tax and non-underlying items to Group profit before tax is provided on the Group income statement on page 17, and on a Headline (pre-IFRS 16) basis in Note A2.
Group trading profit and segment trading profit	Group operating profit	See Note 2	Group trading profit and segment trading profit are stated after directly attributable share-based payment and pension service charges and before non-underlying items, unallocated costs, finance costs and income tax expense. A reconciliation from the above measures to Group operating profit and Group profit before tax on an IFRS 16 and Headline (pre-IFRS 16) basis is provided in Note 2 to the financial statements.
Headline EBITDA	Group operating profit	Refer to definition and see Note A3	Headline EBITDA is Headline Group operating profit before non-underlying items adjusted for pre-IFRS 16 depreciation, amortisation and impairment and before non-cash items. See Note A3.
Non-underlying items	None	Refer to definition and see Note 4 and Note A4	Excludes items which are considered non-underlying and exceptional due to their size, nature or incidence, or are not considered to be part of the normal operations of the Group. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. An explanation of the nature of the items identified as non-underlying on an IFRS 16 basis is provided in Note 4 to the financial statements, and on a Headline (pre-IFRS 16) basis in Note A4.

APM	Closest equivalent IFRS measure	Note reference	Definition and purpose
Income statement measures (continued)			
Headline effective tax rate	None	See Notes A4 and A5	Total income tax charge excluding the tax impact of non-underlying items divided by Group Headline profit before tax and non-underlying items. See Notes 6, A4 and A5 on a Headline pre-IFRS 16 basis.
Earnings per share before non-underlying items	Earnings per share	Non-underlying items, see Note 8 and Note A6	Profit for the year attributable to the equity holders of the parent before non-underlying items divided by the weighted average number of ordinary shares in issue during the financial year. A reconciliation is provided on an IFRS 16 basis in Note 8 and on a Headline (pre-IFRS 16) basis in Note A6.
Gross margin	Gross profit margin	See definition	Where referred to throughout the Preliminary announcement statement, gross margin is calculated as gross profit divided by revenue.
Balance sheet measures			
Headline net debt	Net debt	See Note A8	Headline net debt is defined as cash and cash equivalents, less bank overdrafts and other borrowings and both current and non-current obligations under finance leases as defined on a pre-IFRS 16 basis. Lease liabilities recognised as a result of IFRS 16 are excluded from this measure. A reconciliation of Net debt on an IFRS 16 basis provided in Note A8.
Cash flow measures			
Free cash flow	Net cash inflow from operating activities	See Note A10 and Group financial review	Free cash flow is defined as the net cash inflow from operating activities before the cash flow effect of IFRS 16, non-underlying items and pension funding, less net capital expenditure. The components of free cash flow are shown in Note A10 and on page 12, as part of the Financial review.
Other measures			
Return on capital employed (ROCE)	None	See Note A12	Return on Capital Employed is calculated as the Headline Group operating profit as a percentage of operating capital employed, and is stated on a pre-IFRS 16 basis. Operating capital employed is calculated as the 12-month average net assets, excluding net debt, retirement benefit obligations and net current and deferred tax balances.
Fixed charges cover	None	Refer to definition and see Note A13	This performance measure calculates the number of times Headline EBITDA before fixed rent covers the total fixed charges included in calculating profit or loss. Fixed charges included in this measure are net finance costs (excluding finance costs from IFRS 16 leases) and fixed rent stated on a pre-IFRS 16 basis. The calculation of this measure is outlined in Note A13.
Leverage	None	See Note A14	Leverage is calculated as Headline net debt divided by rolling 12 month Headline EBITDA (on a pre-IFRS 16 basis).

Income statement measures

A1. Like-for-like revenue reconciliation

The reconciling items between like-for-like revenue change and total revenue change for the year ended 31 August 2026 are shown below:

Per cent	UK	North America	Rest of the World and Other	Total Group – continuing operations
Like-for-like revenue change	**2%**	**–%**	**4%**	**2%**
Net space impact	**2%**	**9%**	**(3)%**	**3%**
Foreign exchange	**–%**	**(3)%**	**3%**	**–%**
Total revenue change	**4%**	**6%**	**4%**	**5%**

The reconciling items between like-for-like revenue change and total revenue change for the year ended 31 August 2025 are shown below:

Per cent	UK	North America	Rest of the World and Other	Total Group – continuing operations
Like-for-like revenue change	5%	2%	7%	5%
Net space impact	–%	4%	5%	2%
Foreign exchange	–%	(3)%	(2)%	(2)%
Total revenue change	5%	3%	10%	5%

A2. Reconciliation of Headline to IFRS Group profit/(loss) for the year

	2026					
	pre-IFRS 16 basis			IFRS 16 Basis		
£m	**Headline, before non-underlying items (pre-IFRS 16)**	**Headline non-underlying items (pre-IFRS 16)**	**Headline (pre-IFRS 16)**	**IFRS 16 adjustments**	**IFRS 16 adjustments non-underlying items**	**Total**
Revenue	**1,625**	**–**	**1,625**	**–**	**–**	**1,625**
Cost of sales	**(707)**	**–**	**(707)**	**–**	**–**	**(707)**
Gross profit – continuing operations	**918**	**–**	**918**	**–**	**–**	**918**
Distribution costs	**(680)**	**–**	**(680)**	**19**	**–**	**(661)**
Administrative expenses	**(142)**	**–**	**(142)**	**2**	**–**	**(140)**
Other income	**10**	**–**	**10**	**(2)**	**–**	**8**
Non-underlying items	**–**	**(164)**	**(164)**	**–**	**(16)**	**(180)**
Group operating profit/(loss) – continuing operations	**106**	**(164)**	**(58)**	**19**	**(16)**	**(55)**
Finance costs	**(30)**	**–**	**(30)**	**(22)**	**–**	**(52)**
Profit/(loss) before tax – continuing operations	**76**	**(164)**	**(88)**	**(3)**	**(16)**	**(107)**
Income tax (charge)/credit	**(23)**	**35**	**12**	**1**	**4**	**17**
Profit/(loss) for the year – continuing operations	**53**	**(129)**	**(76)**	**(2)**	**(12)**	**(90)**
Loss for the year – discontinued operations	**–**	**(2)**	**(2)**	**–**	**–**	**(2)**
Profit/(loss) for the year – total operations	**53**	**(131)**	**(78)**	**(2)**	**(12)**	**(92)**
Attributable to:						
Equity holders of the parent	**40**	**(118)**	**(78)**	**(2)**	**(12)**	**(92)**
Non-controlling interests	**13**	**(13)**	**–**	**–**	**–**	**–**
	53	**(131)**	**(78)**	**(2)**	**(12)**	**(92)**

A2. Reconciliation of Headline to IFRS Group profit/(loss) for the year (continued)

	2025					
	pre-IFRS 16 basis			IFRS 16 Basis		
£m	Headline, before non-underlying items (pre-IFRS 16)	Headline non-underlying items (pre-IFRS 16)	Headline (pre-IFRS 16)	IFRS 16 adjustments	IFRS 16 adjustments non-underlying items	Total
Revenue	1,553	–	1,553	–	–	1,553
Cost of sales	(664)	–	(664)	–	–	(664)
Gross profit – continuing operations	889	–	889	–	–	889
Distribution costs	(625)	–	(625)	14	–	(611)
Administrative expenses	(136)	–	(136)	1	–	(135)
Other income	6	–	6	(1)	–	5
Non-underlying items	–	(91)	(91)	–	(8)	(99)
Group operating profit/(loss) – continuing operations	134	(91)	43	14	(8)	49
Finance costs	(26)	(1)	(27)	(20)	–	(47)
Profit/(loss) before tax – continuing operations	108	(92)	16	(6)	(8)	2
Income tax (charge)/credit	(45)	18	(27)	1	–	(26)
Profit/(loss) for the year – continuing operations	63	(74)	(11)	(5)	(8)	(24)
Profit/(loss) for the year – discontinued operations	11	(146)	(135)	13	9	(113)
Profit/(loss) for the year – total operations	74	(220)	(146)	8	1	(137)
Attributable to:						
Equity holders of the parent	67	(220)	(153)	8	1	(144)
Non-controlling interests	7	–	7	–	–	7
	74	(220)	(146)	8	1	(137)

A3. Headline EBITDA

£m	**2026**	2025
Headline Group operating profit before non-underlying items (Note A2) – continuing operations	**106**	134
Depreciation, amortisation and impairment (Note 2c)	**52**	51
Non-cash items[1]	**8**	2
Headline EBITDA – continuing operations	**166**	**187**

[1] Comprises £4m Amortisation of long-term debtor, £2m Share-based payments and £2m Other non-cash items (incl. foreign exchange and loss on disposal of property, plant and equipment); (2025: £2m Share-based payments)

A4. Non-underlying items on pre-IFRS 16 and IFRS 16 basis

	2026		2025	
£m	**Headline (pre-IFRS16)**	**IFRS 16**	Headline (pre-IFRS16)	IFRS 16
Transformation programmes – IT and finance	**9**	**9**	11	11
Transformation programmes – operational efficiencies	**10**	**10**	11	11
Transformation programmes – supply chain	**–**	**–**	3	3
Transformation programmes – store rationalisation	**22**	**22**	–	–
Regulatory and remediation related costs	**14**	**14**	10	10
Costs relating to M&A activity and Group legal entity structure	**–**	**–**	1	1
Amortisation of acquired intangible assets	**3**	**3**	3	3
Impairment of non-current assets				
- Property, plant and equipment	**75**	**75**	24	24
- Intangible assets	**2**	**2**	–	–
- Right-of-use assets	**–**	**49**	–	29
Provisions for onerous contracts	**26**	**(2)**	24	3
IFRS 16 remeasurement gains	**–**	**(5)**	–	–
Impairment of joint venture receivables	**3**	**3**	3	3
Other non-underlying costs	**–**	**–**	1	1
Non-underlying items, included in operating profit/(loss) – continuing operations	**164**	**180**	91	99
Finance costs associated with onerous contracts	**–**	**–**	1	1
Non-underlying items, before tax – continuing operations	**164**	**180**	92	100
Tax credit on non-underlying items	**(35)**	**(39)**	(18)	(18)
Non-underlying items, after tax – continuing operations	**129**	**141**	74	82

Non-underlying items on a pre-IFRS 16 basis are calculated on a consistent basis with IFRS 16, with the exception of the below items. A tax credit of £39m has been recognised in relation to the above items (£35m pre-IFRS 16).

Impairment of right-of-use assets

On a pre-IFRS 16 basis right-of-use assets are not recognised, therefore the right-of-use asset impairment of £49m is also not recognised.

Provisions for onerous contracts

A charge of £26m has been recognised on a pre-IFRS 16 basis to provide for the unavoidable costs of continuing to service certain non-cancellable supplier and property contracts where the space is vacant, a contract is loss-making or currently not planned to be used for ongoing operations. On an IFRS 16 basis, this is a £2m credit, as the charge is offset by impairments to right-of-use assets that are not recognised on a pre-IFRS 16 basis. No onerous contract provision has been recognised on an IFRS 16 basis if the lease does not constitute a right-of-use asset.

A5. Reconciliation of Headline to IFRS tax (credit)/charge

	2026			2025		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 adjustments**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16 adjustments	IFRS 16
Profit/(loss) before tax and non-underlying items	**76**	**(3)**	**73**	108	(6)	102
Tax on profit/(loss)	**17**	**(1)**	**16**	24	(1)	23
Adjustment in respect of prior years	**2**	**–**	**2**	(6)	–	(6)
Total current tax charge/(credit)	**19**	**(1)**	**18**	18	(1)	17
Deferred tax – current year	**4**	**–**	**4**	27	–	27
Deferred tax – prior year	**–**	**–**	**–**	2	–	2
Deferred tax – adjustment in respect of change in tax rates	**–**	**–**	**–**	(2)	–	(2)
Tax charge/(credit) on profit before non-underlying items	**23**	**(1)**	**22**	45	(1)	44
Tax on non-underlying items – current tax	**(9)**	**–**	**(9)**	(10)	–	(10)
Tax on non-underlying items – deferred tax	**(26)**	**(4)**	**(30)**	(8)	–	(8)
Total tax (credit)/charge on (loss)/profit - continuing operations	**(12)**	**(5)**	**(17)**	27	(1)	26
Total tax credit on loss - discontinued operations	**–**	**–**	**–**	(3)	–	(3)
Total tax (credit)/charge on loss - total operations	**(12)**	**(5)**	**(17)**	24	(1)	23

A6. Calculation of Headline and IFRS earnings per share

£m	**2026**	2025
Loss for the year attributable to equity holders of the parent		
Headline (pre-IFRS-16 basis)		
- Before non-underlying items	**40**	56
- Non-underlying items	**(116)**	(74)
– Continuing operations	**(76)**	(18)
– Discontinued operations	**(2)**	(135)
– Total operations	**(78)**	(153)
IFRS 16 adjustments		
- Before non-underlying items	**(2)**	(5)
- Non-underlying items	**(12)**	(8)
– Continuing operations	**(14)**	(13)
– Discontinued operations	**–**	22
– Total operations	**(14)**	9
IFRS 16 basis		
- Before non-underlying items	**38**	51
- Non-underlying items	**(128)**	(82)
– Continuing operations	**(90)**	(31)
– Discontinued operations	**(2)**	(113)
– Total operations	**(92)**	(144)

A6. Calculation of Headline and IFRS earnings per share (continued)

	2026		2025	
Millions	**Basic EPS**	**Diluted EPS**	Basic EPS	Diluted EPS
Weighted average shares in issue (Note 8)	**131**	**132**	**127**	**129**

	2026		2025	
	Basic EPS	**Diluted EPS**	Basic EPS	Diluted EPS
	pence	**pence**	pence	pence
Headline (pre-IFRS-16 basis):				
Before non-underlying items	**30.5**	**30.3**	44.1	43.4
Continuing operations after non-underlying items	**(58.0)**	**(58.0)**	(14.2)	(14.2)
Discontinued operations	**(1.5)**	**(1.5)**	(106.3)	(106.3)
Total operations	**(59.5)**	**(59.5)**	(120.5)	(120.5)
IFRS 16 basis:				
Before non-underlying items	**29.0**	**28.8**	40.2	39.5
Continuing operations after non-underlying items	**(68.7)**	**(68.7)**	(24.4)	(24.4)
Discontinued operations	**(1.5)**	**(1.5)**	(89.0)	(89.0)
Total operations	**(70.2)**	**(70.2)**	(113.4)	(113.4)

A7. Pre-IFRS16 rental expense

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

£m	**2026**	2025
Fixed rent	**181**	232
Variable rent	**184**	100
Total rent – continuing operations	**365**	**332**

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

The table above presents the pre-IFRS 16 rental expense, applying the principles of IAS 17, and Group accounting policies as applicable prior to 1 September 2019, as described in the Glossary on page 41.

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The Group has a number of lease arrangements in which the rent payable is contingent on revenue and/or passenger numbers. Such arrangements are classified as variable rent.

In the year, the Group reconsidered its definition of fixed and variable rent. Certain arrangements in which the rent payable is contingent on revenue and/or passenger numbers were previously presented as fixed rent and are now presented as variable rent reflective of the underlying nature of the arrangement.

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

Balance sheet measures

A8. Headline net debt

The table below shows Headline net debt (pre-IFRS 16). This excludes lease liabilities recognised on application of IFRS 16.

£m	2026	2025
Borrowings		
- Revolving credit facility	**(48)**	(141)
- Convertible bonds	**–**	(320)
- Term loan	**(120)**	–
- USPP	**(200)**	–
- Lease liabilities	**(524)**	(484)
Liabilities from financing activities	**(892)**	(945)
Cash and cash equivalents	**43**	71
Net debt (IFRS 16) (Note 9)	**(849)**	(874)
Add back lease liabilities recognised under IFRS 16	**524**	484
Headline net debt (pre-IFRS 16)	**(325)**	(390)

A9. Balance sheet impact of IFRS 16

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

	2026			2025		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 Adjustment**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16 Adjustment	IFRS 16
Goodwill and other intangible assets	**444**	**(2)**	**442**	449	(2)	447
Property, plant and equipment	**219**	**1**	**220**	251	3	254
Right-of-use assets	**–**	**361**	**361**	–	367	367
Retirement benefit surplus	**1**	**–**	**1**	1	–	1
Investments in associates and joint ventures	**3**	**–**	**3**	2	–	2
Non-current investments	**2**	**–**	**2**	4	–	4
	669	**360**	**1,029**	707	368	1,075
Inventories	**107**	**–**	**107**	148	–	148
Payables less receivables	**(132)**	**–**	**(132)**	(181)	(10)	(191)
Working capital	**(25)**	**–**	**(25)**	(33)	(10)	(43)
Net derivative financial asset	**1**	**–**	**1**	–	–	–
Net current and deferred tax assets	**41**	**3**	**44**	31	–	31
Provisions	**(56)**	**44**	**(12)**	(25)	24	(1)
Operating assets employed	**630**	**407**	**1,037**	680	382	1,062
Net debt	**(325)**	**(524)**	**(849)**	(390)	(484)	(874)
Total net assets	**305**	**(117)**	**188**	290	(102)	188

Cash flow measures

A10. Free cash flow

£m	2026	2025
Net cash inflow from operating activities – continuing operations	**177**	267
Cash flow impact of IFRS 16 (Note A11)	**(79)**	(86)
Add back:		
- Cash impact of non-underlying items	**48**	38
Deduct:		
- Purchase of property, plant and equipment	**(87)**	(77)
- Purchase of intangible assets	**(7)**	(4)
- Pension funding	**–**	(75)
Free cash flow – continuing operations	**52**	63
Free cash flow – discontinued operations	**–**	(25)
Free cash flow – total operations	**52**	38

A11. Cash flow disclosure impact of IFRS 16

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

	2026			2025		
£m	**Headline (pre-IFRS 16)**	**IFRS 16 Adjustment**	**IFRS 16**	Headline (pre-IFRS 16)	IFRS 16 Adjustment[1]	IFRS 16
Net cash inflows from operating activities	**83**	**79**	**162**	160	116	276
Net cash outflows from investing activities	**(91)**	**–**	**(91)**	(69)	–	(69)
Net cash outflows from financing activities	**(20)**	**(79)**	**(99)**	(76)	(116)	(192)
Net (decrease)/increase in cash in the period – total operations	**(28)**	**–**	**(28)**	15	–	15

[1] Comprises £86m related to continuing operations and £30m related to discontinued operations for the year ended 31 August 2025

Other measures

A12. Return on capital employed ("ROCE")

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

£m	Note	2026	2025
Headline (pre-IFRS 16) operating profit before non-underlying items – continuing operations	2	**106**	**134**
Capital employed:			
Net assets	A9	**305**	**290**
Add back:			
Net debt	A9	**325**	**390**
Net current and deferred tax assets	A9	**(41)**	**(31)**
Retirement benefit surplus	A9	**(1)**	**(1)**
Capital employed		**588**	**648**
Average capital employed		**683**	**763**
ROCE		**15%**	**18%**

A13. Fixed charges cover

£m	Note	2026	2025
Headline net finance costs before non-underlying items		**30**	**26**
Headline fixed operating rent (pre-IFRS 16)	A7	**181**	**232**
Total fixed charges – continuing operations		**211**	**258**
Headline EBITDA	A3	**166**	**187**
Headline fixed rent (pre-IFRS 16)	A7	**181**	**232**
Headline EBITDA before fixed rent before non-underlying items (pre-IFRS 16) – continuing operations		**347**	**419**
Fixed charges cover – times – continuing operations		**1.6x**	**1.6x**

A14. Leverage

£m	Note	2026	2025
Headline EBITDA	A3	**166**	187
Headline net debt	A8	**325**	390
Leverage – multiple – continuing operations		**2.0x**	**2.1x**