4 November 2026

Smiths News PLC

("**Smiths News**" or the "**Company**")

Final Results for the 52 weeks ended 29 August 2026

*Strong performance in the Period, with results in line with upgraded FY2026 market expectations**
Record contribution from the FIFA Men's World Cup, boosting contribution from collectables Transformational exclusive national distribution contracts underpin medium term revenue and profit growth

Smiths News (LSE: SNWS), the UK's largest news wholesaler and a leading provider of early morning end-to-end supply chain solutions, today announces audited results for the 52 weeks ended 29 August 2026 (the "**Period**" or "**FY2026**").

Business highlights:

- Secured transformational national newspapers and magazines contract wins, generating sustainable revenues until 2037, underpinning investment and growth aspirations:
  - Now secured long-term contracts with News UK & Ireland Limited, Telegraph Media Group Holdings Limited, Associated Newspapers Limited, Frontline Limited and Seymour Distribution Limited
  - 'Go National' programme to expand current distribution footprint across Great Britain, covering approximately 700 additional routes and utilising a further 23 new depots to create a national network
  - Contracts represent an incremental uplift in revenue of c.£375m per annum, out of an additional revenue potential of c.£600m
  - £21-27m investment into Go National to be funded using existing financing arrangements
- Newspapers and magazines revenues performed in line with historic norms.
- Excellent performance from collectables market, with record contribution from FIFA Men's World Cup and ongoing Pokémon demand.
- Revenues from growth verticals continuing to build, up 31% year on year, supported by ongoing progress across recycling logistics activities.

Financial highlights:

- The business delivered a strong performance in the Period with results in line with upgraded market expectations for the full year*:
  - Revenues of £1,036.2m (-2.6% versus FY2025), with a notable performance from collectables, boosted by the FIFA Men's World Cup; and
  - Adjusted operating profit of £38.7m (FY2025: £39.1m) with adjusted profit after tax up 1.5% at £27.4m (FY2025: £27.0m) due to lower borrowing costs.
- £4.5m of operational efficiencies delivered in FY2026.
- Proposed final dividend increased to 3.90 pence per share, due to be paid on 4 February 2027, resulting in total ordinary dividend for the year of 5.65 pence per share (FY2025: 5.55 pence per share).

£m	**52 weeks to 29 August 2026**	52 weeks to 30 August 2025	Change
Adjusted results [(1)]			
Revenue	**1,036.2**	1,064.0	-2.6%
Operating profit	**38.7**	39.1	-1.0%
Profit after tax	**27.4**	27.0	+1.5%
Earnings per share	**11.3p**	11.1p	+1.8%
Statutory results			
Revenue	**1,036.2**	1,064.0	-2.6%
Operating profit	**34.6**	41.2	-16.0%
Profit after tax	**24.4**	28.3	-13.8%
Earnings per share	**10.1p**	11.7p	-1.6p
Ordinary dividend per share	**5.65p**	5.55p	+0.1p
Special dividend per share	**0.00p**	3.00p	-3.0p
Cash flow and net cash/debt			
Free cash inflow [(2)]	**24.1**	36.1	-33.2%
Bank Net Cash/(Debt) [(3)]	**3.9**	3.3	+18.2%
Average Bank Net Cash/(Debt)	**15.7**	3.3	375.8%

Outlook:

- Transformational 'Go National' programme creates long-term revenue platform.
- Footprint expansion across Great Britain strengthens partnership with publishers and retailers and unlocks further growth opportunities.
- FY2027 trading has started positively, with execution of national expansion the key priority.
- Short-term profitability impact expected in FY2027 as the business absorbs expansion and transition costs.
- Expansion expected to add incremental net profit from FY2028, with material benefits anticipated from FY2029 and beyond.
- We remain committed to maintaining the current ordinary dividend for FY2027 at or above current consensus estimates.

** Prior to this announcement, the Company determined that consensus market expectation for FY2026 is adjusted operating profit of £38.4m and for FY2027 dividend is 5.2p per share.*

Jonathan Bunting, Chief Executive Officer of Smiths News, commented:

"This is a transformational moment for our business. We have secured a number of significant, long-term national contracts with leading publishers, providing a sustainable revenue platform through to 2037 and underpinning our ambitions for continued investment and growth.

"The 'Go National' programme represents a major step forward, significantly expanding our distribution footprint across Great Britain, strengthening the support we provide to publishers and retailers and creating a platform for further growth. While this investment will have a short-term impact on profitability as we absorb the costs of expansion, we expect the enlarged network to deliver incremental net profit from FY2028, with material benefits from FY2029 and beyond.

"Alongside the strong performance of our collectables and continuing momentum in our growth verticals, these contract wins give us confidence in the long-term prospects of the business. FY2027 has started positively, and our focus now is on executing the national expansion successfully and delivering the significant opportunities it creates."

Analyst Presentation

A webcast for analysts will be held at 9.00 a.m. today, Wednesday 4 November 2026. To register for this event, please contact Vigo on smithsnews@vigoconsulting.com.

Retail Investor Presentation

Smiths News' management team will provide a webcast presentation of the Company's final results at 11.00 a.m. today, Wednesday 4 November 2026. The presentation is open to all existing and potential shareholders.

The presentation will be hosted on the Investor Meet Company platform, where questions can be submitted at any time during the presentation. Investors can register for free and subscribe to alerts on Smiths News by visiting: Smiths News IMC meeting

For further information, please contact:

Smiths News PLC via Vigo Consulting
Jonathan Bunting, Chief Executive Officer
Richard Clay, Chief Financial Officer
www.smithsnews.co.uk

Vigo Consulting Tel: +44 (0) 20 7390 0230
Jeremy Garcia / Fiona Hetherington / Safia Colebrook
smithsnews@vigoconsulting.com

About Smiths News

Smiths News is the UK's largest news and magazine wholesaler and leading provider of early morning, end-to-end supply chain solutions. Smiths News has been delivering newspapers to retailers across the UK for over 200 years on behalf of the major national and regional publishers. Today, Smiths News delivers to over 21,000 customers across England and Wales on a daily basis, and is in the process of expanding that network to over 37,000 customers.

Smiths News's service capability now extends into a number of new verticals that build on its expertise in warehousing, reverse logistics and early morning final mile services, across its extensive high-density UK delivery network, including a waste recycling collection service, the delivery of additional categories such as books and home entertainment, and extending our services in the final mile.

The speed of turnaround and the density of Smiths News' coverage are critical to one of the world's fastest physical supply chains and we remain focused on continuing to deliver best in class service to the newspapers and magazines market, whilst exploring opportunities for growth based on this strong foundation.

For more information, please visit: www.smithsnews.co.uk

Person responsible for arranging release of this announcement:

Stuart Marriner, General Counsel & Company Secretary
Smiths News plc, Rowan House, Cherry Orchard North, Kembrey Park, Swindon SN2 8UH
Email: cosec@smithsnews.co.uk

Notes
The Company uses certain performance measures for internal reporting purposes and employee incentive arrangements. The terms 'Bank Net Cash/(Debt)', 'Free cash flow', 'Adjusted operating profit', 'Adjusted profit before tax', 'Adjusted earnings per share' and 'Adjusting items' are not defined terms under IFRS and therefore are Alternative Performance Measures (APM) and may not be comparable with similar measures disclosed by other companies.

(1) The following are key APMs identified by the Company in the Group financial statements as Adjusted results:
a. Adjusted operating profit - is defined as operating profit excluding the impact of Adjusting items.
b. Adjusted profit before tax (PBT) - is defined as profit before tax excluding the impact of Adjusting items.
c. Adjusted earnings per share - is defined as Adjusted PBT, less taxation attributable to Adjusted PBT and including any adjustment for minority interest to result in Adjusted profit after tax attributable to shareholders; divided by the basic weighted average number of shares in issue.
d. Adjusting items - Adjusting items of income or expense are excluded in arriving at Adjusted operating profit to present a further measure of the Company's performance. Each adjusting item is considered to be significant in nature and/or quantum, non-recurring in nature and/or unrelated to the Company's ordinary activities or consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team. They are disclosed and described separately in Note 3 to the Group financial statements to provide further understanding of the financial performance of the Company. A reconciliation of adjusted profit to statutory profit is presented on the income statement.

(2) Free cash flow - is defined as the movement in cash and cash equivalents excluding the following: the payment of dividends, the impact of acquisitions and disposals, the repayment of bank loan principal amounts, and outflows for purchases of own shares (EBT share purchases). This measure reflects the cash available to the Group, which can be used for investments, dividends and the reduction of debt.

(3) Bank Net Cash/(Debt) - represents the net position drawn under the Company's banking facilities and is calculated as total debt less cash and cash equivalents (excluding cash held by the Employee Benefit Trust (EBT)). Total cash/(debt) includes loans and borrowings (excluding amortised arrangement fees), overdrafts and obligations under finance leases under accounting standards applicable in 2019.

Cautionary Statement
This document contains certain forward-looking statements with respect to Smiths News plc's financial condition, its results of operations and businesses, strategy, plans, objectives and performance. Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of Smiths News plc's future performance and relate to events and depend on circumstances that may occur in the future and are therefore subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document. Unless otherwise required by applicable law, regulation or accounting standard, Smiths News plc undertakes no responsibility to publicly update any of its forward- looking statements whether as a result of new information, future developments or otherwise. Nothing in this document should be construed as a profit forecast or profit estimate. This document may contain earnings enhancement statements which are not intended to be profit forecasts and so should not be interpreted to mean that earnings per share will necessarily be greater than those for the relevant preceding financial period. The financial information referenced in this document does not contain sufficient detail to allow a full understanding of the results of Smiths News plc. For more detailed information, please see the Full Year Results 2026 and the Report and Accounts for the year ended 29 August 2026 which can each be found on the Investor Zone section of the Smiths News plc website - www.smithsnews.co.uk. However, the contents of Smiths News plc's website are not incorporated into and do not form part of this document.

OPERATING REVIEW

Overview

Smiths News delivered a strong performance across FY2026, culminating in the transformational contract wins that will see an expansion of our existing network, to establish a national distribution platform. This 'Go National' programme will now become the bedrock of our future ambitions and shape our strategic vision for years to come.

Pleasingly, and against such strategically significant developments, we continued to deliver a buoyant performance from our newspapers and magazines wholesaling business, a strong contribution from collectables, and a 31% increase in revenues from our growth verticals, alongside our ongoing focus on cost management.

This demonstrates further momentum in achieving our stated strategy to leverage our existing distribution network and early-morning supply chain expertise to build diversified revenue streams alongside our newspapers and magazines vertical.

Our focus over the next 18 months will be firmly on our 'Go National' expansion, as we implement our plans to extend our distribution footprint, deliver our new exclusive contractual obligations, and further deliver growth in our other activities.

Newspapers and magazines

Newspapers and magazines wholesaling remains central to the business and delivered a strong performance in FY2026. Providing high-quality, predictable revenues, the newspapers and magazines segment also gives the business the infrastructure and network from which to expand its reach. Service excellence and robust partner relationships remain a priority for the Company, underpinning demand well into the future.

Collectables delivered an excellent performance in the Period, driven by a record performance from the FIFA Men's Football World Cup, boosting contribution from collectables by over £3m. The Company tends to see spikes every two years from contributions from international football competitions due to the timing of FIFA World Cup and UEFA European Championship tournaments. Smiths News continues to explore opportunities to extend the offering within collectables and added Japanese anime and trading card games in FY2026, following a successful trial that completed in the first half of the Period.

The newspapers and magazines market continues to perform in line with our long-term expectations, with revenues reducing at 3-5% annually as ongoing cover price inflation partially offsets ongoing pressures from volume decline. With the industry gradually consolidating, Smiths News is well placed through both its partnerships and operations, to capture market share.

Below shows a table of our current publisher contracts and the duration of the contracts:

Publishers:	**Contracts for existing territories:**	**Contracts for new territories:**
News UK	Now to July 2037 (was 2029)	July 2027 to July 2037
Telegraph Media Group Holdings Limited	Now to September 2036 (was 2029)	October 2027 to September 2036
Associated Newspapers	Now to July 2037 (was 2029)	January 2028 to July 2037
Frontline Limited	Now to April 2037 (was 2030)	April 2030 to April 2037
Seymour Distribution Limited	Now to April 2037 (was 2030)	April 2030 to April 2037
Marketforce (UK) Limited	Now to 2029	
Financial Times	Now to 2029	
Reach PLC	Now to 2029	
Guardian	Now to 2031	

Growth verticals

The Company's strategy remains to broaden its early-morning supply chain management expertise and to leverage its existing infrastructure to expand revenues through overlaying products and additional services across Smiths News' established – and growing – UK footprint. The newspapers and magazines market continues to be in structural decline and Smiths News' strategy remains focused on generating new profit streams to offset this in the medium to long-term.

Revenues from our three growth verticals improved 31% year on year, driven largely by our recycling activities, where revenues increased 52% versus FY2025. During the Period, Smiths News expanded the offering for its Recycling customers, to now include: cardboard, plastic film, general waste, small wEEE, dry mixed recycling, general food waste, vapes and paper and coffee cups. Smiths News now operates over 7,000 collection services for its retail customers across its network with the operation running seven days a week, capitalising on vehicle capacity on the return to the depot. The relationships with waste brokers continue to be a focus for Smiths News, as it is the most efficient route to market in securing additional contracts.

The Deposit Return Scheme ("**DRS**") is set to be introduced across the UK by the UK Government, currently expected in October 2027. Under the scheme, a redeemable deposit is placed on specific drinks containers that can be claimed when the item is returned to a collection point, such as a local supermarket or independent retailer. Smiths News has submitted a bid as part of the ongoing tender process around DRS rollout.

Within final mile and new categories, the Company continues to focus on servicing its customer base and now delivers over 1.7 million books and DVDs annually to existing customers. Where we can leverage this footprint further to expand the service, we will do so. In the short term, the focus will be on successfully delivering the expanded national footprint, which will result in a temporary hiatus on driving the new business pipeline within final mile and new categories. However, our strategy around diversification does not change, and we will reinvigorate these verticals once we have a national footprint in place, which we believe will present an even more compelling opportunity for our potential customers.

National Expansion – Go National

During H2 FY2026 and into H1 FY2027, Smiths News announced a series of long-term, exclusive contract wins with existing publishers which would see the Company become the exclusive national wholesale distributor of newspapers and magazines across Great Britain. These contracts represent a transformational moment for the business.

Smiths News has secured contracts for national wholesale distribution with News UK & Ireland Limited ("**News UK**", publisher of The Sun, The Times and The Sunday Times) from July 2027, Associated Newspapers Limited ("**ANL**", publisher of Daily Mail, The Mail on Sunday, and The i paper) from January 2028 and Telegraph Media Group Holdings Limited ("**TMG**", publisher of The Daily Telegraph and The Sunday Telegraph) from October 2027. These contracts represent an incremental uplift in revenue of c.£125m per annum, c.£105m per annum and c.£40m per annum respectively.

From April 2030, Smiths News will also become the exclusive national wholesale distributor for Frontline Limited ("**Frontline**", the UK's largest magazine distributor) and Seymour Distribution Limited ("**Seymour**", part of the Frontline Group and the UK's largest independent magazine distributor), accounting for over 60% of the UK magazine market and a combined incremental uplift in Smiths News' revenue of c.£105m per annum. As a result, Smiths News has now successfully secured c.61% of the national newspaper and magazines market at the point at which those contracts commence.

Central to the delivery of the contracts will be the expansion of the Company's distribution network to a national scale, with the creation of approximately 700 new routes and 23 localised distribution centres.

This significant expansion to our existing capabilities will create a seamless national footprint capable of supporting Smiths News' entire business.

By establishing a national network, the Company believes it can unlock additional revenues across newspapers, magazines and collectables, whilst also rolling out its growth verticals, including recycling logistics, to a larger customer base, with national scale strengthening the commercial case for these avenues.

There will be an inevitable investment associated with building out the national network. We estimate implementation costs of between £21m and £27m, split equally between adjusting items and capex, alongside early-life transition costs between £7m and £9m in FY2027 relating to the phased onboarding of new clients. The new contracts are expected to deliver incremental net profit per annum of between £0m and £2m in FY2028, and between £12m and £18m from FY2029.

'Future Tech' investment programme

The Company continues to deliver its 'Future Tech' investment programme, optimising warehouse operations and enhancing existing capabilities, whilst simultaneously future-proofing the business.

We have commenced the roll out of our transport and warehouse management systems and anticipate these will be implemented across our existing network in early 2027. Furthermore, we anticipate the ongoing work with various technical upgrades to complete around the same time frame.

The new technology and systems are all aimed at driving warehouse efficiencies – improving service delivery through enhanced retailer delivery communications and also enabling dynamic routing capability.

Operational efficiencies

Smiths News continues to drive operational efficiencies, focusing on streamlining operations and reducing variable costs in line with volume decline, which delivered cost savings of £4.5m in FY2026.

Cash position

The Company delivered a strong level of cash generation in the Period, driven by the performance of our newspapers and magazines business, with average bank net cash improving to £15.7m (FY2025: £3.3m).

Free cash flow for FY2026 of £24.1m (FY2025: £36.1m), was in line with expectations and lower than previous year, which had benefitted from £6.9m one-off receipts including £5.4m from the McColls administrator and from £4.1m in working capital timing.

People

We would like to thank all colleagues across Smiths News for their continued dedication and focus on service delivery in a time sensitive and demanding market.

As a Company, Smiths News remains committed to investing in its people's professional development and to fostering a positive, inclusive culture that supports employee wellbeing, engagement, and sustained performance.

Dividend

The Board has recommended a final ordinary dividend of 3.90 pence per share, to be paid on 4 February 2027 (FY2025: 3.80 pence per share) to shareholders on the register on 8 January 2027. The ex-dividend date will be 7 January 2027.

Our stated capital allocation policy commits the Company to paying a sustainable ordinary dividend to shareholders, maintaining 2x dividend cover, and making further returns to shareholders when appropriate and prudent to do so. Given the investment required to deliver national expansion, there will be no special dividend paid in FY2026 (FY2025: 3.0 pence per share), but we remain committed to maintaining the current ordinary dividend for FY2027 at or above current consensus estimates of 5.2p per share.

Outlook

The recent contract wins and the implementation of our Go National programme will be truly transformational for Smiths News. The newspapers and magazines business continues to deliver strong, predictable, long-term revenues and cash flows and expanding our footprint across Great Britain to support the publishers and retailers marks a real step change for the business.

Simultaneously, the Company continues to focus on the importance of leveraging our unique early-morning national distribution capabilities and growing revenues in complementary verticals, and we see a real opportunity to leverage the expanded national network to support this growth.

Trading in FY2027 has started positively. The focus for the upcoming year is the successful execution of expanding our footprint and transitioning publishers as their contracts commence, alongside ensuring our technology investment programme is successfully implemented across the footprint. Whilst there will be a short-term impact on profitability for the business in FY2027, we anticipate the expansion will deliver incremental net profit from FY2028 and we will start to see the real benefits from FY2029 and beyond.

FINANCIAL REVIEW

Overview

The Company delivered a strong financial performance in FY2026 with adjusted operating profit of £38.7m in line with upgraded market expectations and adjusted profit after tax of £27.4m ahead of last year (£27.0m). The Company continued to generate good levels of cash, with average bank net cash increasing to £15.7m (FY2025: £3.3m) with dividends of £20.9m during the year.

Revenue of £1,036.2m (FY2025: £1,064.0m) was down 2.6% on the prior year. Underlying newspaper and magazine revenues continued to perform within the Company's long-term planning assumption of a 3% to 5% decline, and this was partly offset by a strong year for collectables, including the FIFA Men's Football World Cup.

Adjusted operating profit, while in line with updated expectations, decreased by £0.4m to £38.7m (FY2025: £39.1m): the benefit of the FIFA Men's Football World Cup was more than offset by the impact of higher National Insurance Contributions, increased investment in overheads and technology and the sale of old Pokémon stock in FY2025 which did not repeat.

Adjusted profit before tax however, increased by £0.4m to £36.2m (FY2025: £35.8m), owing to an £0.8m reduction in net finance costs. This reduction reflects the improved average net cash position and the benefit of better interest rates on cash deposits.

Adjusted profit after tax also increased £0.4m to £27.4m (FY2025: £27.0m), and adjusted EPS increased to 11.3p (FY2025: 11.1p).

Statutory profit after tax was £24.4m (FY2025: £28.3m), including the net cost of adjusting items of £3.0m, which primarily related to transformation and network reorganisation costs. Adjusting items in the prior year (£1.3m credit) included the benefit of amounts recovered from the McColls administrator. Statutory EPS decreased from 11.7p to 10.1p as a result.

Free cash flow was £24.1m (FY2025: £36.1m), with the movement principally reflecting a £5.8m working capital outflow in FY2026 compared with a £4.1m inflow in FY2025, both relating to collectables. The benefit of lower capital expenditure, finance costs and tax in FY2026 (total £5.1m) was offset by the £7.2m adverse movement in adjusting items when compared to the prior year. Adjusting items in FY2026 were a £2.1m cash outflow compared with a £5.1m inflow in FY2025, which included £5.4m of cash recovered from the McColls administrator.

Average Bank Net Cash for the period improved to £15.7m (FY2025: £3.3m), reflecting good ongoing cash generation. Closing Bank Net Cash was at a similar level to last year, increasing by £0.6m to £3.9m (FY2025: £3.3m).

A final ordinary dividend of 3.90p per share is proposed by the Board, making a total full year ordinary dividend of 5.65p (FY2025: 5.55p). No special dividend is proposed for FY2026 (FY2025: 3.00p), reflecting the investment required to deliver the national expansion programme. Dividends of £20.9m were paid during the year, compared to £17.4m in FY2025.

Adjusted results

£m	**52 weeks to 29 Aug 2026**	52 weeks to 30 Aug 2025	Change
Revenue	**1,036.2**	1,064.0	(2.6)%
Operating profit	**38.7**	39.1	(1.0)%
Net finance costs	**(2.5)**	(3.3)	24.2%
Profit before tax	**36.2**	35.8	1.1%
Taxation	**(8.8)**	(8.8)	0.0%
Effective tax rate	**24.3%**	24.6%	
Profit after tax	**27.4**	27.0	1.5%

Revenue

Revenue was £1,036.2m (FY2025: £1,064.0m), down 2.6% on the prior year. Newspaper revenues declined by 4.1% (FY2025: 3.1% decrease), while magazine revenues were 3.2% lower (FY2025: 4.0% lower). Both categories continued to perform within the Company's long-term planning assumption of a 3% to 5% annual decline. Collectables revenue increased by 31.9%, including the benefit of the FIFA Men's Football World Cup and continued demand for Pokémon products. Revenue from growth verticals increased by 31.3% with continued progress in recycling propositions, noting that growth verticals represent less than 1% of overall revenue.

Operating profit

Adjusted operating profit decreased by £0.4m to £38.7m (FY2025: £39.1m), driven by the following items:

- Contribution from collectables, including a £3.5m benefit from the FIFA Men's Football World Cup, offset by the non-repeat of a £1.2m one-off sale of old Pokémon stock in FY2025 and the profit impact of ongoing newspaper and magazines sales decline (£2.5m).
- Cost efficiencies of £5.0m, of which £4.5m were in Operations, which more than offset inflationary cost pressures (total £3.9m).
- The £0.7m impact of increased National Insurance Contributions.
- Additional investment of approximately £0.6m in overheads and technology.

Profit after tax

Net finance costs of £2.5m (FY2025: £3.3m) were lower than the prior period, benefitting from higher average bank net cash and better deposit rates. Taxation of £8.8m was consistent with the prior year. As a result, profit after tax of £27.4m (FY2025: £27.0m) was £0.4m higher than last year.

Statutory Results

£m	**52 weeks to 29 Aug 2026**	52 weeks to 30 Aug 2025	Change
Revenue	**1,036.2**	1,064.0	(2.6)%
Operating profit	**34.6**	41.2	(16.0)%
Net finance costs	**(2.5)**	(3.3)	24.2%
Profit before tax	**32.1**	37.9	(15.3)%
Taxation	**(7.7)**	(9.6)	(19.8)%
Effective tax rate	**24.0%**	25.3%	
Profit after tax	**24.4**	28.3	(13.8)%

Statutory profit after tax of £24.4m was a £3.9m decrease on the prior period (FY2025: £28.3m). The decrease was driven by £4.3m difference in adjusting items after tax (FY2026: cost of £3.0m, FY2025: credit of £1.3m) owing to transformation and network reorganisation costs in the current year, while the prior year included a credit relating to recoveries from the McColls administrator.

Earnings per share

	Adjusted		**Statutory**	
	52 weeks to 29 Aug 2026	52 weeks to 30 Aug 2025	**52 weeks to 29 Aug 2026**	52 weeks to 30 Aug 2025
Earnings attributable to ordinary shareholders (£m)	**27.4**	27.0	**24.4**	28.3
Basic weighted average number of shares (millions)	**242.6**	242.4	**242.6**	242.4
Basic Earnings per share	**11.3p**	11.1p	**10.1p**	11.7p
Diluted weighted average number of shares (millions)	**251.2**	250.2	**251.2**	250.2
Diluted Earnings per share	**10.9p**	10.8p	**9.7p**	11.3p

Adjusted basic earnings per share increased by 0.2p to 11.3p (FY2025: 11.1p), driven by the increase in profit after tax.

Statutory basic earnings per share decreased by 1.6p to 10.1p (FY2025: 11.7p) as it includes the impact of adjusting items which was a cost of £3.0m (FY2025: net credit of £1.3m).

Dividend

	52 weeks to 29 Aug 2026	52 weeks to 30 Aug 2025
Ordinary dividend (total proposed)	**5.65p**	5.55p
Special dividend (proposed)	**-**	3.00p
Total dividend per share (proposed)	**5.65p**	8.55p
Ordinary dividend (paid and recognised)	**5.55p**	5.15p
Special dividend (paid and recognised)	**3.00p**	2.00p
Total dividend per share (paid and recognised)	**8.55p**	7.15p

The Board is proposing a final ordinary dividend of 3.90p per share (FY2025: 3.80p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 27 January 2027 and has not been included as a liability in these accounts.

The proposed dividend will be paid on 4 February 2027 to shareholders on the register at close of business on 8 January 2027. The ex-dividend date will be 7 January 2027.

Adjusting items

£m	**52 weeks to 29 Aug 2026**	52 weeks to 30 Aug 2025
Network and reorganisation costs	**(2.3)**	(0.1)
Technology transformation costs	**(1.1)**	(0.7)
Transformation programme planning costs	**(0.7)**	-
Tuffnells costs	**-**	(0.8)
Reversal of impairment of receivables – McColl's	**-**	3.7
Total before taxation	**(4.1)**	2.1
Taxation	**1.1**	(0.8)
Total after taxation	**(3.0)**	**1.3**

Adjusting items after tax were a net cost of £3.0m (FY2025: net credit of £1.3m).

In the period, the Company incurred £2.3m of network and reorganisation costs related to the mothballing of a distribution centre, £1.1m of technology costs as part of the Company's ongoing investment programme and £0.7m of transformation programme planning costs in relation to the negotiation of national publisher contracts and preparation for the Company's tender for the DRS contract.

In the prior period, Tuffnells costs of £0.8m were incurred in responding to The Pensions Regulator's investigation into the Tuffnells pension scheme (£0.7m) and insurance claims (£0.1m). Technology transformation costs of £0.7m were incurred in respect of implementing enhanced technology infrastructure, and £0.1m of costs arose in relation to simplifying the Group structure. The Company also recognised a £3.7m impairment reversal of the provision for McColl's receivables following final recoveries from the administrator. In total, the Company received £5.4m from the administrator, being 98% of the £5.5m receivable which was owing at the point of McColls administration.

Further information on these items can be found in Note 3 to the Group Financial Statements. Adjusting items are defined in the Glossary to the Group Financial Statements and present a further measure of the Company's performance. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Leadership Team. Alternative Performance Measures (APMs) should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Free cash flow

£m	**52 weeks to 29 Aug 2026**	52 weeks to 30 Aug 2025
Adjusted operating profit	**38.7**	39.1
Depreciation and amortisation	**9.4**	9.5
Adjusted EBITDA	**48.1**	48.6
Working capital movements	**(5.8)**	4.1
Capital expenditure	**(2.5)**	(4.5)
Lease payments	**(6.2)**	(6.5)
Net interest and fees	**(2.3)**	(3.2)
Taxation	**(6.6)**	(8.8)
Other	**1.5**	1.3
Free cash flow (excluding Adjusting items)	**26.2**	31.0
Adjusting items (cash effect)	**(2.1)**	5.1
Free cash flow	**24.1**	36.1

Free cash flow of £24.1m was £12.0m lower than FY2025 (£36.1m), driven by a £9.9m reduction in working capital flows and a £7.2m movement in adjusting items, offset by lower capital expenditure, interest and tax payments.

The working capital outflow of £5.8m in FY2026 offset the inflow of £4.1m in FY2025 which had arisen due to increased collectables trading in the second half of last year.

Capital expenditure in the period was £2.5m (FY2025: £4.5m), with spend on warehouses and operational technology delayed into FY2027.

Lease payments of £6.2m (FY2025: £6.5m) decreased by £0.3m due to sites exited in the last 2 years.

Net interest and fees of £2.3m (FY2025: £3.2m) decreased by £0.9m, due to an improved Average Bank Net Cash position in the current period and higher deposit rates.

Tax paid of £6.6m (FY2025: £8.8m) was a £2.2m decrease, owing to refunds of corporation tax received in the period and tax deductions relating to adjusting items.

Other items relate to non-cash share-based payment expenses and are linked to the expected outcome of performance related share schemes.

The total net cash impact of other Adjusting items was an outflow of £2.1m (FY2025: inflow of £5.1m). In the current period, outflows included £1.1m of technology investments, £0.6m of transformation planning costs, £0.1m of reorganisation costs and £0.3m of costs related to settling Tuffnells insurance claims and professional fees in respect of The Pensions Regulator's investigation.

In the prior period, the inflow of £5.1m included two significant inflows; £5.4m received from the McColls administrators, and a £1.5m tax refund in respect of the buyout and winding up of the News Section of the WH Smith defined benefit pension scheme during FY2022. Offsetting these items were £0.8m of professional fees in respect of The Pensions Regulator's investigation, £0.7m relating to technology investments, £0.2m settlement of Tuffnells insurance claims and reorganisation costs of £0.1m.

Refer to the Glossary for a reconciliation of free cash flow to the net movement in cash and cash equivalents.

Bank Net Cash/Debt

£m	**As at 29 Aug 2026**	As at 30 Aug 2025
Opening Bank Net Cash/(Debt)	3.3	(11.0)
Free cash flow	**24.1**	36.1
Ordinary dividend paid	**(13.5)**	(12.5)
Special dividend paid	**(7.4)**	(4.9)
Payments to employee benefit trust for share purchases	**(2.6)**	(4.4)
Bank Net (Debt)/Cash	**3.9**	3.3

Bank Net Cash on 29 August 2026 was £3.9m, compared to £3.3m (Net Cash) on 30 August 2025, an improvement of £0.6m. Average Bank Net Cash/(Debt) moved from £3.3m (Net Cash) to £15.7m (Net Cash) in the current period.

Compared to Average Bank Net Cash, reported Bank Net Cash is impacted by working capital payments which occur at calendar month ends, close to the reporting date and are part of the Company's normal working capital cycle.

The Company's Bank Net Cash: Bank EBITDA ratio was -0.1x (FY2025: -0.1x), which is within our main leverage covenant ratio of +2.5x (FY2025: 2.5x) and we remain within all our other bank covenant tests at the period end.

Refer to the Glossary for a reconciliation of Bank Net Debt (which excludes IFRS 16 lease liabilities, cash held by the EBT and unamortised arrangement fees) to the balance sheet.

Total dividends paid during the year amounted to £20.9m (FY2025: £17.4m), an increase of £3.5m. The FY2025 final ordinary dividend of £9.3m was paid in February (FY2025: £8.3m), alongside a special dividend of £7.4m bringing the total dividend paid in respect of FY2025 to £20.9m. The Company also paid an interim ordinary dividend in July 2026 of £4.2m (FY2025: £4.2m).

Principal and Emerging Risks

The Board, in combination with the Audit Committee, conducts a biannual assessment of the Company's principal and emerging risks, together with reviewing the effectiveness of the systems and controls which are in place to manage and mitigate these risks within the established risk appetite levels established.

Principal Risks

During FY2026 the Board and Audit Committee each continued to undertake an ongoing assessment of the principal and emerging risks, the Board having considered the performance of the business, its markets, the changing regulatory and macroeconomic landscape, the Company's future strategic direction and ambition as well as the heightened climate-related risk environment. In addition, in evaluating the Company's risk management and internal control processes, the Audit Committee has considered both internal and external audit reports and received confirmation from management that the Company's control frameworks have operated satisfactorily. The sustainable development risks considered throughout our business have been reviewed by the Sustainability Committee. The directors are therefore of the view that they have carried out a robust assessment of the Company's emerging and principal risks, including those that could threaten its business model, future performance, solvency or liquidity.

Emerging Risks

Emerging risks are identified as either a new or previously unforeseen risk that is being added to our risk register or a risk that was already on our radar and which has the potential to become a principal risk. Most risks identified as emerging are already reflected on our functional risk registers, with a current risk rating of 'serious likelihood' or above. These emerging risks are managed through mitigating activities, such that the residual risk exposure is not considered significant. All new initiatives are planned in detail, with contingency and BCP plans in place and ongoing reviews conducted to evaluate the project execution against the original plan and to identify lessons learnt. We will continue to monitor potential risks relating to our growth and diversification strategy in the year ahead.

Key Changes in the Year

In line with our usual procedures, a refresh of the Company's principal and emerging risks was conducted at the half and full year, taking into account changes in our business practices, our industry sector, developments within our Growth verticals and the increasing relevance of climate-related risks and cyber security incidents across all sectors and industries (in relation to the former, considering both transitional and physical-related risks to both our business and through our supply chain). This broad review was conducted through discussion with a cross-section of the Executive Leadership Team, senior management and the Audit Committee, who were each asked to consider the key risks (both in place and emerging) and the challenges facing the business (by reference to the existing principal risks), our current activities and controls that help address these risks, and future actions that may be taken to further mitigate these risks (where appropriate).

The opportunity to review and refresh the Company's principal and emerging risks has resulted in the introduction of a new transformation delivery risk reflecting the range of concurrent major projects we are looking to deliver in order to achieve our vision to become the UK's leading provider of early morning end-to-end supply chain solutions. We are no longer listing execution risk in our Growth verticals as a standalone principal risk although aspects of this risk (such as our ambitious plans to grow our recycling logistics vertical) have been incorporated into the transformation delivery principal risk. Our remaining principal risks are decreasing except for the acquisition and retention of labour risk which has increased. This reflects the increased level of recruitment of staff and the engagement of final mile self-employed contractors required to implement our Go National plans and manage churn which can result from a significant expansion of business operations. Following this review, there remains a general alignment around the nature of risks, the risk ownership, the direction of travel, any mitigation actions to reduce the gross risk, and acceptance of remaining net risk.

The table below details each principal business risk, those aspects that would be impacted were the risk to materialise, our assessment of the current status of the risk and how each is mitigated.

Principal risks and potential impact	Mitigations	Strategic link/ change
1. Cyber security		
Global trends demonstrate a continued high volume of cyber-attacks against all industry sectors and that cyber threats continue to indiscriminately evolve. To meet the needs of our stakeholders, our IT infrastructure and data processes need to be flexible, reliable and secure from cyber-attacks. Secure infrastructure acts as a deterrent to, and helps prevent and/or mitigate the impact of, external cyber-attack, internal threat or supplier-related breach, which could cause service interruption and/or the loss of Company and customer data. Cyber incidents could lead to major adverse customer, financial, reputational and regulatory impacts.	• Defined risk-based approach to the information security roadmap and technology strategy which is aligned to the strategic plans. • Regular tracking of key programmes against spend targets and delivery dates. • The Company assesses cyber risk on a day-to-day basis, using proactive and reactive information security controls to detect and mitigate common threats. • Dedicated investments in information security and access to third-party cyber security experts , including 24/7 security monitoring, advanced AI-driven threat detection and managed incident response, endpoint protection platforms and specialist testing. • The Company encourages a cyber-aware culture by undertaking exercises, such as computer-based training and simulated phishing attacks and regular communications about specific cyber threats. • All functions that place reliance on business systems have established business continuity plans that set out how to conduct key activities if a system interruption takes place due to a disruptive event such as a cyber-attack.	Strategic link: Technology Change: Decreasing Our package of internal controls and mitigations together with further planned investment and enhancements in the Company's IT infrastructure and IT security has led to a decreasing risk assessment.

2. Transformation delivery		
The Company currently has several transformational projects running concurrently, many of which are multi-year programmes. Successful delivery of these programmes is necessary to achieve our vision to become the UK's leading provider of early morning end-to-end supply chain solutions. The projects include: • delivery of new systems for warehousing, transport management, customer relationship management and analytics and business intelligence. • implementing "Go National" which involves building a capability to wholesale and distribute collectables, newspapers and magazines to retailers across Great Britain as well as offering new category propositions to customers alongside our existing recycling service. • delivery of significant network changes. Go National requires us to expand our footprint of operational sites at pace and also look for synergies with our existing portfolio of locations. • continued expansion of our flagship recycling service including tendering for parts of the UK's upcoming Deposit Return Scheme. Delivering major projects such as these carries inherent implementation risk which increases when programmes are connected, have significant third-party dependencies and run concurrently. Failure to execute these projects to time, cost and quality could damage our customer service, risk contractual consequences for non-conformance, lead to suboptimal operational capability, damaging financial performance and poor reputational consequences.	• Strong governance and programme management and monitoring, with Executive Leadership Team sponsors in place for each project who also possess accountability for successful delivery. • Dedicated resources committed to the successful delivery of each programme (and contingency plans in place in the event of challenges being met across the way). • Regular in-flight reviews of each programme's progress by both the Executive Leadership Team and the Board. • Close monitoring of costs and accrual of benefits. • Additional assurance provided by engagement of appropriately skilled external companies where appropriate, together with oversight from our internal and external audit teams.	Strategic link: Cost and efficiencies, Operations Technology Change: New

3. Macro-economic uncertainty		
Deterioration in the macro-economic environment could result in supply-side cost inflation and/or a reduction in demand-side sales volumes. Supply-side macro-economic pressures could present the Company with additional cost challenges, e.g. increased competition in the distribution labour market and/or rises in fuel and utility prices. Adverse changes to economic conditions could result in reduced consumer demand for newspapers and magazines and/or reduction in titles/editions. These cost increases and sales pressures present a risk when they cannot be fully mitigated through increased prices or other productivity gains. This could result in deterioration in the level of profitability in both the short and medium term and impacts on the Company's ability to execute its strategies, including level of debt and liquidity objectives.	• Annual budgets and forecasts take into account the current macro-economic environment to set expectations internally and externally, allowing for, or changing, objectives to meet short- and medium-term financial targets. • Weekly cost monitoring enables oversight and action on a timely basis. • Cover price increases in magazine and newspaper titles provide some offset against the impact of volume decline. • Predictable level of volume decline within the core business enables cost optimisation planning. • Use of fixed-term contracts as a hedge against rapidly rising prices e.g. energy costs. • The Company continues to be significantly cash generating to support its strategic priorities.	Strategic link: Cost and efficiencies, Operations Change: Decreasing Although the cost headwinds arising from the National Living Wage, employers' NIC increases together with the Employment Rights Act are ongoing, these continue to be offset by cost-out and revenue increases leading to a decreasing risk assessment.
4. Changes to retailers' commercial environment		
Our largest retailers (e.g. grocers and symbol group members) remain under significant pressure to maximise sales and profitability by channel within their retail stores and at associated sale outlets, such as at petrol forecourt stores. This could result at any time in a category review of the newspaper and/or magazine channel, leading to a significant reduction in newspapers' and/or magazines' selling space-in-store (or its location) in favour of other higher margin products and/or the delisting of all/particular titles of newspapers and/or magazines. A reduction in (or change in location of) sales space and/or full delisting of newspapers and/or magazines by our largest retailers (or a high number of other retailers) could materially reduce the Company's revenue, profitability and cash flow.	• Our EPoS-based returns (EBR) solution has been introduced in-store with our largest retailers, improving staff efficiency in managing the magazine and newspaper categories thereby reducing cost to the retailer. • A revised approach to the delivery service charge (including the DSC freeze we have announced alongside our Go National plans). Simplification of the category as we move to national distribution together with changes to the wider supply chain to reduce complexity and promote frictionless trading. • Form stronger partnerships with emerging retailers to stock magazines and newspapers. • Expand retail offering to include single copy digital downloads of newspapers and/or magazines to supplement physical print and category range in-store.	Strategic link: Cost and efficiencies Change: Decreasing Although a combination of sales decline and upward inflation pressure are likely to reduce in store newspaper and magazine selling space over a 3-year period this is being countered by our package of mitigations leading to a decreasing risk assessment.

5. Acquisition and retention of labour		
The Company has enhanced its recruitment focus and processes in recent years and this has improved our ability to attract and retain employees, particularly for roles and locations where vacancies had been previously hard to fill. We have seen similar progress with the engagement and retention of our final mile self-employed contractors, with driver vacancies now running at a stable low level. Implementation of our "Go National" plans will however require more than 20 new final mile sites to be established and staffed and we are expecting to engage more than 600 new final mile contractors to distribute newspapers and magazines to our customers nationally. The challenge of recruiting on this scale is exacerbated by the fact that all locations will need to go live on the same day and labour turnover is typically higher in the early days for both employee and contractor positions. Failure to recruit/engage and retain sufficient employees and final mile contractors would adversely impact implementation of our Go National plans damaging our customer service reputation and risk contractual consequences for non-conformance.	• Recruitment capability significantly enhanced with detailed plans in place to recruit staff once new locations have been established. • Contractor engagement will also be scaled up once final numbers of new routes per new location have been agreed. • Detailed training/familiarisation and onboarding plans are being developed for both employees and contractors to ensure we are ready to seamlessly implement Go National from July 2027.	Strategic link: People first, Culture and values, Cost and efficiencies Change: Increasing Implementation of our Go National plans will present the Company with increased engagement, onboarding and recruitment challenges compared to normal levels of activity.

6. Sustainability and climate change – for details of all Sustainability and climate-related risks please refer also to the Sustainability Report in the Annual Report for 2026.		
Our sustainability linked risks extend beyond the physical and transitional risks associated with climate change which we have previously identified, such as a scarcity of resources, extreme weather events, power outages, increasing regulation and associated cost in response to a drive to 'net zero' carbon emissions and the increasingly stringent air quality emission zones. Regulatory requirements and reporting obligations on environmental, social and governance (ESG) matters are increasing and ongoing investment is required to maintain a safe working environment and to protect the Company from cyber-attacks, as well as making progress in delivering on our diversity and inclusion ambitions. In common with all major organisations, there is a risk of reputational damage and/or loss of revenue if the Company fails to meet stakeholder expectations across our sustainability framework.	• Board Sustainability Committee established (Chaired by the Chief Financial Officer) to consider and determine the Company's sustainability strategy and progress, together with risk environment and activities and actions. • Dedicated management Sustainability Steering Committee established (also chaired by the Chief Financial Officer) coordinates the Company's day-to-day activities and actions in delivering the Company's sustainability strategy, including in relation to climate change. • Working with suppliers to ensure they share the Company's vision to act on sustainability and climate change. • Emissions and air quality targets in UK towns and cities are monitored by a central team in the Operations function which ensures the Company can fulfil its obligations to customers and remain compliant with legal requirements. • Operational sites are reviewed for their resilience to extreme weather events, such as flooding, with upgrades and interventions made where these are cost-effective. Depots are relocated to new sites (e.g. during lease break windows) where this represents a better option than adapting an existing location.	Strategic link: Cost and efficiencies, Operations, Sustainability Change: Decreasing Carbon emissions are reducing and emission reporting has been strengthened. Health and safety and diversity risk controls and mitigating actions are now well established and embedded within the processes to address the risk. These trends have led to a decreasing risk assessment.
7. Major newspaper titles exit the market or move to digital-only editions		
Significant decline in advertising and/or circulation, together with rising production costs, could lead to one or more national newspaper titles exiting the market and/or publications being taken fully digital. This could lead to a significant deterioration in the Company's profitability and cash flow in both the short and medium term as well as impacting on its ability to execute its strategies.	• We seek to ensure full availability of alternative newspaper titles to maximise substitution opportunities for customers. • Partial mitigation against newspaper title closures is built into our contracts with major publishers. • Ongoing successful execution of our growth and diversification strategy provides longer-term mitigation through alternative profitable revenue streams. • The award of new long term contracts (through to 2037) provides assurance from publishers that they do not expect print editions to close in the short to medium term.	Strategic link: Cost and efficiencies Change: Decreasing Closure of a major title is considered unlikely in the foreseeable future and has led to a decreasing risk assessment.

8. Legal and regulatory compliance		
The Company is required to be compliant with all applicable laws and regulations. Failure to adhere to these could result in financial penalties, third party redress, and/or reputational damage. Key areas of legal and regulatory compliance include: • GDPR • Health and Safety • Tax compliance • Environmental legislation • Employment law	• Changes in laws and regulations are monitored, with policies and procedures being updated as required. • Business-wide mandatory training programmes for higher-risk regulatory areas. • External experts are used where applicable. • All major policies are reviewed by the Board or Audit Committee on an annual basis. • Operational auditing and monitoring systems for higher risk areas.	Strategic link: Technology, Sustainability, Operations Change: Decreasing The controls and mitigations in place to manage the key areas of legal and regulatory compliance risk continue to operate as intended leading to a decreasing risk assessment.

The Audit Committee believes that it has been able to respond quickly and efficiently to the ever-evolving risk environment that the business regularly faces head on and have deployed effective risk management processes across the Company. Accordingly, the Audit Committee is satisfied (on behalf of the Board) that it has carried out a robust assessment of the principal and emerging risks that the Company faces (within the scope of the Board's risk appetite) as required by the 2024 edition of the UK Corporate Governance Code.

Group Income Statement
for the 52-week period ended 29 August 2026

£m		52-week period ended 29 August 2026			52-week period ended 30 August 2025		
	Note	**Adjusted***	**Adjusting items**	**Total**	Adjusted*	Adjusting items	Total
Revenue	2	**1,036.2**	**-**	**1,036.2**	1,064.0	-	1,064.0
Cost of sales	2	**(958.4)**	**(2.0)**	**(960.4)**	(988.9)	-	(988.9)
Gross profit		**77.8**	**(2.0)**	**75.8**	75.1	-	75.1
Administrative expenses		**(39.2)**	**(2.1)**	**(41.3)**	(35.8)	(1.6)	(37.4)
Net impairment (loss)/reversal on trade receivables	13	**-**	**-**	**-**	(0.1)	3.7	3.6
Profit/(Loss) from equity accounted joint ventures	11	**0.1**	**-**	**0.1**	(0.1)	-	(0.1)
Operating profit/(loss)		**38.7**	**(4.1)**	**34.6**	39.1	2.1	41.2
Finance costs	5	**(3.1)**	**-**	**(3.1)**	(3.6)	-	(3.6)
Finance income	5	**0.6**	**-**	**0.6**	0.3	-	0.3
Profit/(loss) before tax		**36.2**	**(4.1)**	**32.1**	35.8	2.1	37.9
Income tax expense	6	**(8.8)**	**1.1**	**(7.7)**	(8.8)	(0.8)	(9.6)
Profit for the period attributable to equity shareholders		**27.4**	**(3.0)**	**24.4**	27.0	1.3	28.3

Earnings per share		**Pence**	Pence
Basic	8	**10.1**	11.7
Diluted	8	**9.7**	11.3

*This measure is described in Note 1(4) of the accounting policies and the Glossary to the Accounts. Adjusting items are set out in Note 3 to the Group Financial Statements.

Group Statement of Comprehensive Income
for the 52-week period ended 29 August 2026

£m		**52-week period ended 29 August 2026**	52-week period ended 30 August 2025
Items that will not be reclassified to the income statement:			
Tax credit on pension surplus	21	**-**	1.5
Other comprehensive result for the period		**-**	1.5
Profit for the period		**24.4**	28.3
Total comprehensive income for the period		**24.4**	29.8

Group Balance Sheet
as at 29 August 2026

£m	*Note*	**At 29 August 2026**	At 30 August 2025
Non-current assets			
Intangible assets	9	**2.3**	2.5
Property, plant and equipment	10	**10.2**	10.7
Right-of-use assets	17	**28.1**	29.4
Interest in equity accounted joint ventures	11	**4.5**	4.6
Deferred tax assets	18	**1.4**	0.8
Other non-current assets		**0.8**	0.9
		47.3	48.9
Current assets			
Inventories	12	**10.2**	12.6
Trade and other receivables	13	**115.0**	103.4
Cash and cash equivalents	15	**4.0**	8.2
Corporation tax receivable		**0.2**	0.9
		129.4	125.1
Total assets		**176.7**	174.0
Current liabilities			
Trade and other payables	14	**(128.4)**	(127.2)
Lease liabilities	17	**(6.0)**	(5.6)
Provisions	19	**(1.2)**	(0.5)
		(135.6)	(133.3)
Non-current liabilities			
Bank loans and other borrowings	15	**-**	(1.7)
Lease liabilities	17	**(24.9)**	(24.9)
Provisions	19	**(5.5)**	(4.6)
		(30.4)	(31.2)
Total liabilities		**(166.0)**	(164.5)
Total net assets		**10.7**	9.5
Equity			
Called up share capital	22(a)	**12.4**	12.4
Share premium account	22(c)	**60.5**	60.5
Demerger reserve	23(a)	**(280.1)**	(280.1)
Own shares reserve	23(b)	**(6.3)**	(2.9)
Translation reserve	23(c)	**0.1**	0.2
Retained earnings		**224.1**	219.4
Total shareholders' funds		**10.7**	9.5

The accounts were approved by the Board of Directors and authorised for issue on 3 November 2026 and were signed on its behalf by:

Jonathan Bunting
Chief Executive Officer

Richard Clay
Chief Financial Officer

Registered number – 05195191

Group Statement of Changes in Equity
for the 52-week period ended 29 August 2026

£m	Note	Called up share capital	Share premium account	Demerger reserve	Own shares reserve	Translation reserve	Retained earnings	Total
Balance at 1 September 2024		**12.4**	**60.5**	**(280.1)**	**(3.7)**	**0.2**	**207.4**	**(3.3)**
Profit for the period		-	-	-	-	-	28.3	28.3
Tax credit on pension surplus		-	-	-	-	-	1.5	1.5
Total comprehensive income for the period		-	-	-	-	-	29.8	29.8
Dividends paid	7	-	-	-	-	-	(17.4)	(17.4)
Employee share scheme purchases		-	-	-	(1.6)	-	-	(1.6)
Employee share scheme awards		-	-	-	2.4	-	(2.1)	0.3
Recognition of share-based payments net of tax		-	-	-	-	-	1.3	1.3
Current tax recognised in equity		-	-	-	-	-	0.5	0.5
Deferred tax recognised in equity		-	-	-	-	-	(0.1)	(0.1)
Balance at 30 August 2025		**12.4**	**60.5**	**(280.1)**	**(2.9)**	**0.2**	**219.4**	**9.5**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**24.4**	**24.4**
Tax credit on pension surplus		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**24.4**	**24.4**
Dividends paid	7	**-**	**-**	**-**	**-**	**-**	**(20.9)**	**(20.9)**
Employee share scheme purchases		**-**	**-**	**-**	**(5.3)**	**-**	**-**	**(5.3)**
Employee share scheme awards		**-**	**-**	**-**	**1.9**	**-**	**(1.3)**	**0.6**
Recognition of share-based payments net of tax		**-**	**-**	**-**	**-**	**-**	**1.5**	**1.5**
Transfer from translation reserve		**-**	**-**	**-**	**-**	**(0.1)**	**0.1**	**-**
Current tax recognised in equity		**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**
Deferred tax recognised in equity		**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Balance at 29 August 2026		**12.4**	**60.5**	**(280.1)**	**(6.3)**	**0.1**	**224.1**	**10.7**

Group Cash Flow Statement
for the 52-week period ended 29 August 2026

£m	*Note*	**52-week period ended 29 August 2026**	52-week period ended 30 August 2025
Net cash inflow from operating activities	21	**34.6**	49.4
Investing activities			
Dividends received from joint ventures	11	**0.2**	0.2
Purchase of intangible assets	9	**(0.4)**	(0.6)
Purchase of property, plant and equipment	10	**(2.1)**	(3.9)
Interest received		**0.5**	0.2
Net cash used in investing activities		**(1.8)**	(4.1)
Financing activities			
Interest paid		**(2.8)**	(3.2)
Dividends paid	7	**(20.9)**	(17.4)
Repayments of lease principal		**(6.2)**	(6.5)
Net decrease in revolving credit facility	15	**(2.1)**	(15.9)
Purchase of own shares by Employee Benefit Trust		**(5.3)**	(1.6)
Proceeds from exercise of share purchase options		**0.3**	0.5
Net cash used in financing activities		**(37.0)**	(44.1)
Net (decrease)/increase in cash and cash equivalents		**(4.2)**	1.2
Opening net cash and cash equivalents		**8.2**	7.0
Closing net cash and cash equivalents	15	**4.0**	8.2

Notes to the Accounts

1. Accounting policies

(1) Basis of consolidation

Smiths News plc ('the Company') is a company incorporated in England, UK under the Companies Act 2006. The Group accounts for the 52-week period ended 29 August 2026 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in joint ventures, and the Employee Benefit Trust. Subsidiary undertakings are included in the Group Accounts from the date on which control is obtained. They are deconsolidated from the date on which control ceases. All significant subsidiary accounts are made up to 29 August 2026 and are included in the Group Accounts.

Unless otherwise noted references to 2025 and 2026 relate to a 52-week period ended 30 August 2025 and the 52-week period ended 29 August 2026 respectively as opposed to calendar year.

The Accounts were authorised for issue by the directors on 3 November 2026.

(2) Accounting basis of preparation

The financial information contained within this preliminary announcement for the 52 weeks to 29 August 2026 and the 52 weeks to 30 August 2025 does not comprise statutory financial statements for the purpose of the Companies Act 2006 but is derived from those statements. The statutory accounts for Smiths News PLC for the 52 weeks to 30 August 2025 have been filed with the Registrar of Companies and those for the 52 weeks to 29 August 2026 will be filed following the Company's annual general meeting in January 2027. The auditor's reports on the accounts for both the 52 weeks to 29 August 2026 and the 52 weeks to 30 August 2025 were unqualified, did not draw attention to any matters by way of emphasis, and did not include a statement under Section 498 (2) or (3) of the Companies Act 2006. The Annual Report and Accounts 2026 will be available for shareholders in December 2026.

The Accounts are prepared on the historical cost basis and are presented in Pound Sterling and rounded to £0.1m, except where otherwise indicated.

The Group Accounts have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Group Accounts. Unrealised gains and losses arising from transactions with joint ventures are eliminated to the extent of the Group's interest in these entities.

(3) Going concern

The Group accounts have been prepared on a going concern basis.

When assessing the going concern of the Group, the directors have reviewed the period-to-date financial actuals, as well as detailed financial forecasts for the period up to 26 February 2028, the Company's interim reporting date for FY2028, the going concern period.

The Group had a net asset position of £10.7m as at 29 August 2026. All bank covenant tests were met at the period end with the key Bank Net Debt: Bank EBITDA ratio of -0.1x which is below the period end facility agreement covenant test threshold of 2.5x. The threshold remains at 2.5x throughout the life of the facility and tested at each quarter end. If this covenant was breached, the loan could become repayable on demand.

The Group utilises a £40.0m Revolving Credit Facility (RCF) of which £38.7m is available due to £1.3m Letters of Credit, and a £3m overdraft facility to manage its cash needs. At the end of the period both the RCF and the overdraft were undrawn and the Group had £4.0m of cash on hand, giving headroom of £45.7m. Average daily Bank Net Cash during the period was £15.7m (2025 £3.3m). The RCF is in place to accommodate the Group's intra-month working capital cash flow cycle which generates a predictable cash swing.

3i) Bank facility

The Group's banking facility comprises an RCF of £40.0m and an uncommitted accordion facility of £10.0m. The agreement is with HSBC and Santander.

The facility's current margin is 2.45% per annum over SONIA and had an initial maturity date of 2 May 2027 with the option of two one-year extensions with lender consent on the first and second anniversaries. In the prior year, the first one-year extension was exercised. During the current year, the second one-year extension was exercised, which extended the maturity date to 2 May 2029.

3ii) Reverse stress testing

The Directors have prepared their base case forecast which represents their best estimate of cash flows over the going concern period, and in accordance with FRC guidance have prepared a reverse stress test that identifies either insufficient liquidity or breach of the Bank Net Debt: Bank EBITDA ratio that at peak debt would create a scenario which could lead to the facility being exhausted or becoming repayable on demand, respectively.

A point of insufficient liquidity would occur in February 2028 if EBITDA was 45% below the Board approved three-year plan. The directors consider the likelihood of this level of downturn to be remote based on:

- current trading which is in line with expectations;
- period-on-period declines in revenues would have to be significantly greater than historical trends;
- Go National implementation costs would have to be significantly more than estimated
- 96% of contracts secured beyond the end of the going concern period; and
- the Company continues to trade with adequate profit to service its debt covenants.

3iii) Mitigating actions

In the event the break environment scenario went from being remote to possible then management would seek to take mitigating actions to maintain liquidity and compliance with the bank facility covenants. The options within the control of management would be to:

- Optimise liquidity by working capital management of the peak-to-trough intra-month movement.
- Utilising existing vendor management finance arrangements;
- Utilise arrangements with retailers and optimise contractual payment cycles to suppliers which would improve liquidity headroom;
- Not pay planned dividend payments;
- Delay non-essential capex projects;
- Cancel discretionary annual bonus payments;
- Increase the principal facility amount by exercising the £10m accordion option in the RCF Facility; and
- Identify other overhead and depot savings.
- Utilise vendor finance arrangements in place, where the Company has the ability to request early payment of invoices at a discount, the payments are non-recourse and the invoices are considered settled from both sides once payment is received.

More extreme mitigating actions would also be available if the scenario arose.

3iv) Assessment

Having considered the above and the funding requirements of the Group and Company, the directors are confident that headroom under the bank facility remains adequate, future covenant tests can be met and there is a reasonable expectation that the business can meet its liabilities as they fall due for a period of greater than 12 months (being an assessment period of 16 months) from the date of approval of the Group Financial Statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements and no material uncertainty has been identified.

(4) 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 (listed in the Glossary), are not considered to be a substitute for, or superior to, IFRS measures but provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported to the Board and Executive Leadership Team.

The APMs do not have standardised meaning prescribed by IFRS and therefore may not be directly comparable to similar measures presented by other companies.

(5) Estimates and judgements

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Key accounting judgements

The significant judgements made in the accounts are:

Revenue recognition

The Group recognises the wholesale sales price for its sales of newspapers and magazines. The Group is considered to be the principal based on the following indicators of control over its inventory: discretion to establish prices; it holds some of the risk of obsolescence once in control of the inventory on returns; and has the responsibility of fulfilling the performance obligation on delivery of inventory to its customers. If the Group were considered to be the agent, revenue and cost of sales would reduce by £870.4m (2025: £898.2m).

Adjusting items

Adjusting items of income or expense are excluded in arriving at adjusted operating profit to present a further measure of the Group's performance. Each adjusting item is considered to be significant in nature and/or quantum, non-recurring in nature and/or considered to be unrelated to the Group's ordinary activities or consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Leadership Team.

The classification of adjusting items requires significant management judgement in considering the nature and intentions of a transaction. Adjusted measures are defined with other APMs in the Glossary.

Based on the nature of the transactions, adjusting items after tax were a charge of £3.0m (2025: credit of £1.3m) and a breakdown is included within Note 3.

Contingent liabilities

In the prior year the Group responded to information requests from the Pensions Regulator in respect of its investigation relating to the Tuffnells defined benefit pension scheme and the Company's former period of ownership of Tuffnells. Management applied judgement in concluding the matter to be disclosed as a contingent liability and not a provision as there was no legal or constructive obligation at the balance sheet date, with further details included in Note 20.

Key sources of estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group has no key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets or liabilities.

(6) Revenue

Revenue from wholesale distribution

Revenue from wholesale distribution is recognised when products and services have been delivered to and receipted by customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products or services.

Revenue is earned from the wholesale of products, from charges for services, being the sortation, delivery, merchandising and return of products, and from the sale of magazines returns waste. Products sold and handled are principally newspapers, magazines and collectables, but also include other items such as books and greeting cards (less than 0.3% of total revenue). Certain products are sold to retailers on a sale or return basis and estimation is made of the expected returns as outlined further below.

Other revenue

Other revenue is recognised when products and services have been delivered to and receipted by customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products or services.

Other revenue includes income from services to collect recyclate waste from customers, the short-term use of storage and space in depots and management fees for support provided to third parties.

Returns reserve

Sale of wholesale products is typically made on a sale or return basis and the Group estimates a value of expected returns from retailers. Likewise, as the publishers are required to provide the Group with credit for any purchase returns, so a purchase returns reserve is also required. Accumulated experience is used to estimate and provide for the discount and returns, using the expected value method. The key estimates used in calculating the period end reserve are rates of returns (based on historical trends), average shelf life of the product types and average margin of each product type.

Revenue for goods supplied with a right of return is stated net of the value of any returns. Newspapers and magazines are often sold with retrospective volume discounts based on aggregate net sales. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A returns reserve accrual and discount accrual (included in trade and other payables) is recognised for expected volume discounts and refunds payable to customers in relation to sales made until the end of the reporting period. A right to the returned goods (included in other debtors) is recognised for the products expected to be returned.

No element of financing is deemed present because the sales are made with short credit terms, which is consistent with market practice.

A receivable is recognised when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(7) Cost of sales and gross profit

The Group considers cost of sales to equate to cost of inventories recognised as an expense and distribution costs as these are considered to represent for the Group direct costs of making a sale. Gross profit is equal to revenue less cost of sales.

(8) Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity. Current tax is the expected tax payable based on the taxable profit for the period, using tax rates enacted, or substantively enacted, at the balance sheet date and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on the balance sheet using the liability method with temporary differences between the carrying amounts of
assets and liabilities for financial reporting purposes and the amounts used for taxation purposes recorded as a deferred tax asset or liability.

The amount of deferred tax provided is calculated using tax rates enacted or substantively enacted at the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which these temporary differences can be realised.

(9) Segmental reporting

The Board is responsible for allocating resources and assessing the performance of the business and is therefore identified as the chief operating decision maker.

The Group has determined that it has one reportable segment identified as Smiths News, a UK market-leading distributor of newspapers, magazines and ancillary products and services to retailers across the UK. The performance of Smiths News is reviewed by the Board on a monthly basis, making decisions based on the Group as a whole.

Included in revenues arising from Smiths News are revenues of £125.3m (2025: £100.3m) which arose from sales to the Group's largest customer. The top three other customers contributed 18.4% (2025: 13.1%) of the Group's revenue in the period.

No segmental analysis is required on geographical lines as substantially all of the Group's activities are in the United Kingdom. As a result, no segmental disclosure is provided.

(10) Dividends

Interim and final dividends are recognised in the financial statements in the period in which they are declared.

(11) Capitalisation of internally generated development costs

Expenditure on internally developed software is capitalised when the Group is able to demonstrate all of the following:

- the technical feasibility of the resulting asset;
- the ability (and intention) to complete the development and use it;
- how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to use the software are available; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

Software costs are also capitalised if they can be hosted on another server, are portable and the Group has sole rights to the software. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Development costs incurred on software provided on a licence agreement (software-as-a-service) are expensed as incurred.

(12) Interests in joint ventures

The Group Financial Statements include the Group's share of the total recognised gains and losses in its joint ventures on an equity accounted basis.

Investments in equity accounted joint ventures are carried in the balance sheet at cost adjusted by post-acquisition changes in the Group's share of the net assets of the joint ventures, less any impairment losses. The carrying values of investments in joint ventures include acquired goodwill. Losses in joint ventures that are in excess of the Group's interest are recognised only to the extent that the Group has legal or constructive obligations or made payments on behalf of the joint venture.

(13) Business combinations – goodwill and intangibles

The Group uses the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange. Acquisition-related costs are recognised in profit or loss as incurred. Any deferred or contingent purchase consideration is recognised at fair value over the period of entitlement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured, initially, at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost and is subsequently measured at cost and accumulated impairment losses. Goodwill is capitalised and subject to an annual review for impairment or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

Intangible assets arising under a business combination (acquired intangibles) are capitalised at fair value as determined at the date of exchange and are stated at fair value less accumulated amortisation and impairment losses.

Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives as follows:

Acquired intangibles - Customer relationships	- 2.5 to 7.5 years
Acquired intangibles - Trade name	- 5 to 10 years
Internally generated development costs	- 3 to 7 years
Computer software costs	- 3 to 7 years

Computer software and internally generated development costs which are not integral to the related hardware are capitalised separately as an intangible asset and stated at cost less accumulated amortisation and impairment losses.

All intangible assets are reviewed for impairment when there are indications that the carrying value may be higher than its recoverable value. The recoverable value used is the value in use. The value in use is determined by estimating the future cash inflows and outflows to be derived from continuous use of the asset and applying the appropriate discount rate to those future cash flows. Where the carrying value is higher than the calculated value in use, an impairment loss will be recognised.

(14) Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and any recognised impairment losses. Property, plant and equipment assets are depreciated, to a residual value, on a straight-line basis over their estimated useful lives, as follows:

Short-term leasehold improvements	- shorter of the lease period and the estimated remaining economic life
Fixtures and fittings	- 3 to 15 years
Equipment and vehicles	- 2 to 12 years

All property, plant and equipment is reviewed for impairment when there are indications that the carrying value may not be recoverable.

(15) Leasing

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- makes adjustments specific to the lease where applicable, for example with regards to the term and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Modifications

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of an extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

(16) Inventories

Inventories comprise goods held for resale and are stated at the lower of cost or net realisable value. Inventories are initially recorded at purchase cost.

(17) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

Financial assets comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade payables, financing liabilities and bank borrowings.

(18) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss (FVTPL) or through other comprehensive income (FVOCI)); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables

Trade receivables are initially measured at fair value, which for trade receivables is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including expected credit losses. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each group and then adjusted to reflect expectations about future credit losses. The Group does not have any contract assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. The Group holds trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 13.

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

Other receivables

Other receivables are recognised on the date on which the Group has the right to the asset. Other receivables are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures other receivables at their fair value plus, in the case of a financial asset not held at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of FVTPL financial assets are expensed in profit or loss.

Subsequent measurement of other receivables depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its other receivables at amortised cost.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised within other gains/(losses). Impairment losses are presented separately.

The Group classifies its financial assets at amortised cost when it is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group applies the general approach to impairment under IFRS 9 based on significant increases in credit risk rather than the simplified approach for trade receivables using lifetime ECL.

(19) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(20) Treasury

Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at bank and in hand, short-term deposits and funds with an original maturity of three months or less, held with the intention to meet short-term cash commitments, and subject to an insignificant risk of changes in value. BACS and next-day payments are recognised at the settlement date, rather than when they are initiated, to reflect the nature of these transactions.

Cash and cash equivalents include amounts held by the EBT for the purpose of purchasing own shares.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value (being proceeds received, net of direct issue costs), and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, including premiums payable on settlement or redemptions and direct issue costs, are accounted for on an accruals basis and taken to the income statement using the straight-line method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Modification/derecognition of financial liabilities

Financial liabilities are derecognised when there is extinguishment of the original financial liability and recognition of a new financial liability. Equally, significant modification of the terms of the existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

Foreign currencies

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition of a foreign entity, are treated as assets and liabilities of the foreign entity and are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency transactions

Transactions in foreign currencies are recorded using the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

(21) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably estimated, no provision is recognised and the item is disclosed as a contingent liability where material. Where the effect is material, the provision is determined by discounting the expected future cash flows.

(22) Retirement benefit costs

Defined contribution schemes

The Group operates two defined contribution schemes for the benefit of its employees. Payments to the Group's schemes are recognised as an expense in the income statement as incurred.

(23) Employee Benefit Trust

The Smiths News Employee Benefit Trust (EBT) purchases and holds shares in the Company from the market to satisfy the demand from the Group's share schemes. The EBT is a separately administered trust that is funded by contributions from Group companies. The assets of the trust comprise shares held in Smiths News plc and cash balances.

The Group consolidates the assets and liabilities of the EBT into the Group Financial Statements as a subsidiary on the basis of control. Where the EBT holds any shares in the Company, these are deducted from equity as 'own shares reserve' until those shares are either cancelled or transferred out of the EBT.

The shares held by the EBT are valued at the historical cost of the shares acquired. This value is deducted in arriving at shareholders' funds and presented as the own shares reserve.

(24) Share schemes

Share-based payments

The Group operates several share-based payment schemes, being the Sharesave Scheme, the Executive Share Option Scheme, the LTIP and the Deferred Bonus Plan. Details of these are provided in the Directors' Remuneration report and in Note 24. All schemes are equity settled.

Equity-settled share-based schemes are measured at fair value at the date of grant. The fair value is expensed with a corresponding increase in equity on a straight-line basis over the period during which employees become unconditionally entitled to the options. The fair values are calculated using an appropriate option pricing model and are adjusted where a scheme includes market-based performance criteria. The income statement charge is then adjusted to reflect expected and actual levels of vesting based on non-market performance-related criteria.

Administrative expenses and distribution and marketing expenses include the cost of the share-based payment schemes.

(25) Changes in accounting policies

During the year the Group has adopted the following accounting standards and interpretations:

"Lack of exchangeability – Amendments to IAS 21"
The standards and amendments adopted had no impact on the prior financial periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet applied

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

IFRS 18 - Presentation and Disclosure of Financial Statements was issued in April 2024 and replaces IAS 1 - Presentation of Financial Statements. The standard sets out new requirements for presentation in the income statement, including specified totals and subtotals, additional guidance on aggregation and disaggregation, and additional required disclosures in respect of management performance measures (which replace alternative performance measures).

The impact of this standard on the Group is currently being assessed. The standard is effective for financial years beginning on or after 1 January 2027, and the Group has not opted for early adoption.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

2. Operating profit

Revenue and cost of sales are analysed as follows:

£m	**2026**			2025		
	Adjusted	**Adjusting items**	**Total**	Adjusted	Adjusting items	Total
Wholesale distribution revenue	**1,032.4**	**-**	**1,032.4**	1,061.0	-	1,061.0
Other revenue	**3.8**	**-**	**3.8**	3.0	-	3.0
Total revenue	**1,036.2**	**-**	**1,036.2**	1,064.0	-	1,064.0
Cost of inventories recognised as an expense	**(870.4)**	**-**	**(870.4)**	(898.2)	-	(898.2)
Distribution costs	**(88.0)**	**(2.0)**	**(90.0)**	(90.7)	-	(90.7)
Cost of sales	**(958.4)**	**(2.0)**	**(960.4)**	(988.9)	-	(988.9)
Gross profit	**77.8**	**(2.0)**	**75.8**	75.1	-	75.1

Operating profit is stated after charging/(crediting):

£m	**Note**	**2026**	2025
Depreciation of property, plant and equipment	10	**2.4**	2.5
Amortisation of intangible assets	9	**0.5**	0.5
Depreciation of right-of-use assets	17	**6.5**	6.5
Loss on disposal of intangible assets	9	**0.2**	-
Loss on disposal of tangible assets	10	**0.3**	-
Short-term and low-value lease charges on equipment and vehicles		**0.6**	0.6
Lease rental income – land and buildings		**(0.2)**	(0.2)
Staff costs (excluding share-based payments)	4	**48.4**	46.6

Included in administrative expenses are amounts payable by the Company and its subsidiary undertakings in respect of audit and non-audit services which are as follows:

£m	**2026**	2025
Fees payable to the Company's auditor for the audit of the Group and Company's annual accounts – BDO LLP	**0.2**	0.2
Fees payable to the Company's auditor for the audit of the Company's subsidiaries – BDO LLP	**0.5**	0.5
Total non-audit fees (interim review)	**0.1**	0.1
Total fees	**0.8**	0.8

Details of the Company's policy on the use of auditors for non-audit services and how the auditor's independence and objectivity were safeguarded are set out in the Audit Committee Report in the Annual Report 2025.

3. Adjusting items

£m		2026	2025
Network and reorganisation costs	**(a)**	**(2.0)**	-
Cost of sales		**(2.0)**	-
Network and reorganisation costs	**(a)**	**(0.3)**	(0.1)
Technology transformation costs	**(b)**	**(1.1)**	(0.7)
Transformation programme planning costs	**(c)**	**(0.7)**	-
Tuffnells costs	**(d)**	**-**	(0.8)
Administrative expenses		**(2.1)**	(1.6)
Impairment reversal on trade receivables	**(e)**	**-**	3.7
Total before tax		**(4.1)**	2.1
Taxation		**1.1**	(0.8)
Total after taxation		**(3.0)**	1.3

The Group recognised a net total adjusting items charge before tax of £4.1m (2025: credit of £2.1m) and net charge of £3.0m (2025: credit of £1.3m) after tax respectively.

Adjusting items are defined in the accounting policies in Note 1 and in the Glossary. In the directors' opinion, removing these items from the adjusted profit provides a relevant analysis of the trading results of the Group because it is consistent with how the business performance is planned by, and reported to, the Board and Executive Team. However, these additional measures are not intended to be a substitute for, or superior to, IFRS measures. They comprise:

(a) Network and reorganisation costs: £2.3m (2025: £0.1m)

The Group is restructuring its distribution network through the mothballing of its London Travel News distribution centre, with £2.2m costs presented within adjusting items (of which £2.0m is included within cost of sales) due to the significance and one-off nature of this project. This cost comprises an impairment of the lease asset of £1.4m, redundancy costs of £0.2m, onerous contract provisions of £0.4m, dilapidations of £0.1m and other asset write offs of £0.1m.

Further, £0.1m (2025: £0.1m) of costs were provided for with regards to simplifying the DMD group structure.

The cash impact of network and reorganisation was a £0.1m outflow (2025: £0.1m outflow).

(b) Technology transformation costs: £1.1m (2025: £0.7m)

The Group is undergoing a transformation programme to enhance its technology infrastructure and enable alignment to the Group's vision and strategy.

Implementation costs of £1.1m (2025: £0.7m) have been recognised as adjusting items given that costs over the three-year programme are expected to be a significant change to the Company.

The cash impact was an outflow of £1.1m (2025: £0.7m).

(c) Transformation programme planning: £0.7m (2025: £Nil)

During the current period, the Group incurred consultancy and redundancy costs in respect of negotiating and preparing for expansion into national publisher contracts (£0.3m; 2025: £Nil) and consultancy costs in respect of Company's tender for the DRS contract (£0.4m; 2025: £Nil). These costs have been presented within adjusting items as the nature of the projects are expected to be significant and transformational.

The cash impact of transformation programme planning costs was a £0.6m outflow (2025: £Nil).

(d) Tuffnells costs: £Nil (2025: £0.8m)

The total cost of £nil (2025: £0.8m) reflects the net of: legal costs of £0.1m (2025: £0.7m) and a credit from the reduction in insurance provisions of £0.1m (2025: £0.1m cost). These amounts have been reported as adjusting items on the basis that it relates to a discontinued operation and is therefore outside the normal course of activity.

In the current period legal and other professional fees of £0.1m (2025: £0.7m) were incurred in respect of the Group responding to the Pensions Regulator with regard to its formal investigation relating to the Tuffnells defined benefit pension scheme and the Company's former period of ownership of Tuffnells. Further details are included in note 20.

Insurance claim provisions are held from previous ownership of Tuffnells. During the period, the provision was decreased by £0.1m (2025: increased by £0.1m), reflecting management's best estimate of remaining claims.

The cash impact during the period was an outflow of £0.3m (2025: £1.0m) being £0.2m (2025: £0.8m) of professional fees. The prior period also included £0.1m of insurance settlements (2025: £0.2m).

(e) Impairment provision on trade receivables: £Nil (2025: £3.7m credit)

In respect of the administration of McColl's Retail Group during FY2022, at FY2024 a provision of £3.8m was held, in respect of management's best estimate of recovery of 30% of the total claim filed representing a provision of £1.7m, as per the issued notification from the administrators. During the prior period, £5.4m was recovered in cash from the administrators in final settlement of the claim, which was £3.7m higher than expected, and therefore the provision was released and reported as an adjusting item on the same basis as previous impairment losses and reversals recognised during the prior periods. The cash impact during the period was £Nil (2025: £5.4m inflow).

4. Staff costs and employees

The aggregate remuneration of employees (including Executive Directors) was:

£m	**2026**	2025
Wages and salaries	**42.3**	41.2
Social security	**4.9**	4.2
Pension costs	**1.2**	1.2
Share-based payments expense	**1.5**	1.3
Total	**49.9**	47.9

The total average number of employees (including Executive Directors) was:

	2026	2025
Operations	**1,336**	1,291
Support functions	**125**	121
Total	**1,461**	1,412

Defined contribution pension schemes

The Group operates two defined contribution pension schemes. For the 52 weeks ended 29 August 2026, contributions from the respective employing company totalled £1.2m (2025: £1.2m) which is included in the income statement.

A defined contribution plan is a pension plan under which the Group pays contributions to an independently administered fund – such contributions are based on a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund once the contributions have been paid. Members' benefits are determined by the amount of contributions paid by the Company and the member, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the member chooses to buy at retirement. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested in will not perform in line with expectations) fall on the employee.

5. Finance costs and finance income

£m	Note	2026	2025
Interest on bank overdrafts and loans		**(0.4)**	(0.8)
Amortisation of loan arrangement fees		**(0.2)**	(0.2)
Interest payable on leases		**(2.3)**	(2.4)
Total interest cost on financial liabilities at amortised cost		**(2.9)**	(3.4)
Unwind of discount on provisions	19	**(0.2)**	(0.2)
Finance costs		**(3.1)**	(3.6)
Finance income		**0.6**	0.3
Net finance costs		**(2.5)**	(3.3)

Finance income comprises interest received on bank deposits.

6. Income tax expense

£m	2026			2025		
	Adjusted	**Adjusting items**	**Total**	Adjusted	Adjusting items	Total
Current tax	**9.6**	**(1.0)**	**8.6**	8.7	0.8	9.5
Adjustment in respect of prior period	**(0.5)**	**-**	**(0.5)**	(0.3)	-	(0.3)
Total current tax charge	**9.1**	**(1.0)**	**8.1**	8.4	0.8	9.2
Deferred tax – current period	**(0.3)**	**(0.1)**	**(0.4)**	0.4	-	0.4
Total tax charge	**8.8**	**(1.1)**	**7.7**	8.8	0.8	9.6
Effective tax rate	**24.3%**		**24.0%**	24.6%		25.3%

The effective adjusted income tax rate in the period was 24.3% (2025: 24.6%). After the impact of tax credit recognised on adjusting items of £1.1m (2025: charge of £0.8m), the effective statutory income tax rate was 24.0% (2025: 25.3%).

Corporation tax is calculated at the main rate of UK corporation tax of 25% (2025: 25%). The Group has assessed its deferred tax positions using a rate of 25%. Taxation for other jurisdictions was applied using prevailing rates.

The tax charge for the period can be reconciled to the profit in the income statement as follows:

£m	2026	2025
Profit before tax	**32.1**	37.9
Tax on profit at the standard rate of UK corporation tax	**8.0**	9.5
Expenses not deductible for tax purposes	**0.2**	0.4
Adjustment in respect of prior periods	**(0.5)**	(0.3)
Tax charge	**7.7**	9.6

Amounts recognised directly in equity

A current tax credit of £0.7m (2025: £0.5m) and deferred tax credit of £0.2m (2025: charge of £0.1m) was recognised directly in equity during the period.

Impact of future tax changes

The UK Government enacted legislation on 11 July 2023 to implement the Base Erosion and Profit Shifting (BEPS) Pillar Two model rules, including a Qualified Domestic Minimum Top-Up Tax. This legislation ensures that multinational enterprises (MNEs) pay a minimum tax rate of 15% on UK and overseas profits arising after 31 December 2023.

The period ended 29 August 2026 was the second to which these rules applied for the Group, which falls within scope of the legislation due to its UK and international presence and revenue exceeding €750 million. However, as the Group's business is substantially UK-based, and with its international revenues and profits at a de minimis level, there remains no impact on the Group's financial statements for the current period.

7. Dividends

Amounts paid and proposed as distributions to equity shareholders in each period is set out below:

Dividends proposed in the period	**2026 Per share**	2025 Per share	**2026 £m**	2025 £m
Interim dividend	**1.75p**	1.75p	**4.3**	4.2
Final dividend	**3.90p**	3.80p	**9.4**	9.3
Special dividend	**0.00p**	3.00p	**-**	7.4
	5.65p	8.55p	**13.7**	20.9
Dividends paid in the period				
Interim dividend – current period	**1.75p**	1.75p	**4.2**	4.2
Final dividend – prior period	**3.80p**	3.40p	**9.3**	8.3
Special dividend – prior period	**3.00p**	2.00p	**7.4**	4.9
	8.55p	7.15p	**20.9**	17.4

After the balance sheet date, a final ordinary dividend of 3.90p per share is proposed for the 52 weeks ended 29 August 2026 (52 weeks ended 30 August 2025: 3.80p) which is expected to be paid on 4 February 2027 to all shareholders who are on the register of members at close of business on 8 January 2027. The ex-dividend date will be 7 January 2027. No special dividend is proposed this year (2025: 3.00p per share).

8. Earnings per share

	2026			2025		
	£m Earnings	**Million Weighted average number of shares**	**Pence per share**	£m Earnings	Million Weighted average number of shares	Pence per share
Weighted average number of shares in issue		**247.7**			247.7	
Shares held by the Employee Benefit Trust (weighted)		**(5.1)**			(5.3)	
Basic earnings per share (EPS)						
Adjusted earnings attributable to ordinary shareholders	**27.4**	**242.6**	**11.3**	27.0	242.4	11.1
Adjusting items	**(3.0)**			1.3		
Earnings attributable to ordinary shareholders	**24.4**	**242.6**	**10.1**	28.3	242.4	11.7
Diluted earnings per share (EPS)						
Effect of dilutive share options		**8.6**			7.8	
Diluted adjusted EPS	**27.4**	**251.2**	**10.9**	27.0	250.2	10.8
Diluted EPS	**24.4**	**251.2**	**9.7**	28.3	250.2	11.3

Dilutive shares increase the basic number of shares at 29 August 2026 by 8.6m to 251.2m (30 August 2025: by 7.8m to 250.2m). The calculation of diluted EPS reflects the potential dilutive effect of employee incentive schemes.

9. Intangible assets

£m	Goodwill	Acquired intangibles		Internally generated development costs	Computer software costs	Total
		Customer relationships	Trade name			
Cost:						
At 31 August 2025	5.7	2.1	0.2	2.8	2.6	13.4
Additions	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Disposals	**-**	**-**	**-**	**(0.1)**	**(0.2)**	**(0.3)**
At 29 August 2026	**5.7**	**2.1**	**0.2**	**2.7**	**2.9**	**13.6**
Accumulated amortisation and impairment:						
At 31 August 2025	(5.7)	(2.1)	(0.2)	(0.9)	(2.0)	(10.9)
Amortisation charge	**-**	**-**	**-**	**(0.3)**	**(0.2)**	**(0.5)**
Disposals	**-**	**-**	**-**	**-**	**0.1**	**0.1**
At 29 August 2026	**(5.7)**	**(2.1)**	**(0.2)**	**(1.2)**	**(2.1)**	**(11.3)**
Net book value at 29 August 2026	**-**	**-**	**-**	**1.5**	**0.8**	**2.3**
Cost:						
At 1 September 2024	5.7	2.1	0.2	2.6	2.6	13.2
Additions	-	-	-	0.2	0.4	0.6
Disposals	-	-	-	-	(0.4)	(0.4)
At 30 August 2025	5.7	2.1	0.2	2.8	2.6	13.4
Accumulated amortisation and impairment:						
At 1 September 2024	(5.7)	(2.1)	(0.2)	(0.6)	(2.2)	(10.8)
Amortisation charge	-	-	-	(0.3)	(0.2)	(0.5)
Disposals	-	-	-	-	0.4	0.4
At 30 August 2025	(5.7)	(2.1)	(0.2)	(0.9)	(2.0)	(10.9)
Net book value at At 30 August 2025	-	-	-	1.9	0.6	2.5

10. Property, plant and equipment

£m	Short-term leasehold improvements	Fixtures and fittings	Equipment and vehicles	Total
Cost:				
At 31 August 2025	11.2	3.7	14.0	28.9
Additions	**0.5**	**0.2**	**1.5**	**2.2**
Disposals	**(0.6)**	**(0.2)**	**(1.9)**	**(2.7)**
At 29 August 2026	**11.1**	**3.7**	**13.6**	**28.4**
Accumulated depreciation:				
At 31 August 2025	(6.1)	(1.8)	(10.3)	(18.2)
Depreciation charge	**(0.9)**	**(0.4)**	**(1.1)**	**(2.4)**
Disposals	**0.5**	**0.2**	**1.7**	**2.4**
At 29 August 2026	**(6.5)**	**(2.0)**	**(9.7)**	**(18.2)**
Net book value at 29 August 2026	**4.6**	**1.7**	**3.9**	**10.2**
Cost:				
At 1 September 2024	9.7	3.2	15.8	28.7
Additions	2.6	0.7	0.2	3.5
Disposals	(1.1)	(0.2)	(2.0)	(3.3)
At 30 August 2025	11.2	3.7	14.0	28.9
Accumulated depreciation:				
At 1 September 2024	(6.4)	(1.6)	(11.0)	(19.0)
Depreciation charge	(0.9)	(0.3)	(1.3)	(2.5)
Disposals	1.2	0.1	2.0	3.3
At 30 August 2025	(6.1)	(1.8)	(10.3)	(18.2)
Net book value at 30 August 2025	5.1	1.9	3.7	10.7

11. Interests in equity accounted joint ventures

£m	2026	2025
At beginning of the period	**4.6**	4.6
Share of profit	**0.1**	0.2
Dividends received	**(0.2)**	(0.2)
At end of the period	**4.5**	4.6

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in joint ventures

Company name/ (number)	Share class	Group %	Registered address	Measurement method
Rascal Solutions Limited 05191277	Ordinary A Shares	50%	C/O Mercer & Hole, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, MK9 1BP	Equity method
Bluebox Systems Group Limited SC544863	Ordinary A Shares	32.4%	Estantia House, Pitreavie Drive, Pitreavie Business Park, Dunfermline, Fife KY11 8US	Equity method

The Group owns 50% of the ordinary shares of Rascal Solutions Limited, a company incorporated in England, which in turn owns 100% of the ordinary shares of Open-Projects Limited. The latest statutory accounts of Rascal Solutions Limited were drawn up to 31 August 2025. Rascal Solutions Limited provides retail support services and is a strategic partnership for the Group to provide additional services to its existing customers.

Bluebox Systems Group Limited is the holding company of Bluebox Aviation Systems Ltd, the principal activity of which is the sale of innovative in-flight entertainment systems. This business is a strategic partnership with DMD, a subsidiary company, which also provides inflight media to the aviation industry.

During the year, the Group disposed of its minority shareholding in Fresh On The Go Limited for consideration of £25,000, which also represented the profit on disposal.

There are no other commitments relating to its joint ventures. All joint ventures are private companies and there is no quoted market price available for their shares.

Dividends of £0.2m (2025: £0.2m) were received in the period from joint ventures.

Rascal Solutions Limited investment

During the period Rascal Solutions Limited (Rascal) recorded a profit of £0.2m (2025: £0.3m). The Group holds £4.5m (2025: £4.6m) on the balance sheet comprising a £2.1m (2025: £2.2m) share of net assets and £2.4m (2025: £2.4m) of goodwill. Goodwill represents the difference between the fair value of the share of the net assets acquired and the amount paid, and forms part of the investment in the joint venture.

For the year ended 31 August 2026, summary financial information included in the unaudited Rascal Solutions Limited accounts which are prepared under UK GAAP is as follows: the balance sheet had non-current assets of £3.1m (2025: £2.8m), current assets of £1.7m (2025: £1.8m), non-current liabilities of £1.5m (2025: £1.1m) and current liabilities of £1.5m (2025: £1.1m). Cash and cash equivalents were £0.0m (2025: £0.3m). Revenue for the year totalled £6.3m (2025: £6.0m), and both post-tax profit and total comprehensive income for the year totalled £0.2m (2025: £0.3m). Depreciation and amortisation was £1.1m (2025: £1.1m), interest income was £nil (2025: £0.0m), interest expense was £nil (2025: £0.0m) and income tax expense was £0.0m (2025: £0.0m).

There have been no indicators of impairment identified during the current period and therefore an impairment review has not been performed.

12. Inventories

£m	2026	2025
Goods held for resale	**10.1**	12.5
Raw materials and consumables	**0.1**	0.1
Total	**10.2**	12.6

13. Trade and other receivables

£m	2026	2025
Trade receivables	**74.9**	69.4
Provision for individually assessed expected credit losses	**(0.1)**	-
Provision for collectively assessed expected credit losses	**(0.1)**	(0.1)
	74.7	69.3
Other debtors	**36.4**	31.3
Prepayments	**2.5**	1.7
Accrued income	**1.4**	1.1
Trade and other receivables	**115.0**	103.4

Trade receivables

The average credit period taken on sale is 35 days (2025: 32 days). Trade receivables are generally non-interest bearing. The following table provides information about the Group's exposure to credit risk and expected credit losses held against customer balances:

£m	2026				2025			
	Gross carrying amount	**Individually assessed ECL**	**Collectively assessed ECL**	**Net carrying amount**	Gross carrying amount	Individually assessed ECL	Collectively assessed ECL	Net carrying amount
Current (not overdue)	**74.7**	**-**		**74.7**	69.3	-	(0.1)	69.2
30-60 days overdue	**-**	**-**	**-**	**-**	-	-	-	-
61-90 days overdue	**-**	**-**	**-**	**-**	-	-	-	-
Over 90 days	**0.2**	**(0.1)**	**(0.1)**	**-**	0.1	-	-	0.1
Total	**74.9**	**(0.1)**	**(0.1)**	**74.7**	69.4	-	(0.1)	69.3

The following table provides information about the Group's expected credit loss rates applied against customer balances:

%	2026	2025
Current (not overdue)	**<0.1**	<0.1
1-30 days overdue	**0.7**	1.7
30-60 days overdue	**17.9**	17.0
61-90 days overdue	**18.3**	20.4
Over 90 days overdue	**75.1**	31.0

Of the trade receivables balance at the end of the period:

- one (2025: two) customers had individual balances that represented more than 10% of the total trade receivables balance. The total of these was £15.4m (2025: £18.7m); and
- a further five (2025: five) customers had individual balances that represented more than 5% of the total trade receivables balance. The total of these was £24.1m (2025: £23.8m).

The movement in provision for expected credit losses for the period is detailed below:

£m	**Note**	**2026**	2025
At beginning of the period		**0.1**	3.9
Expected credit losses recognised		**0.1**	0.1
Reversal of individually assessed credit losses	3	**-**	(3.7)
Amounts written off as uncollectible		**-**	(0.2)
At end of the period		**0.2**	0.1

The directors consider that the carrying amount of trade and other receivables approximates their fair value which is considered to be a level 2 methodology of valuation. The inputs used to measure fair value are categorised into different levels of the fair value hierarchy (levels 1 to 3). The fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

Default occurs when the debt becomes overdue by 90 days.

The Group performed sensitivity analysis on the expected credit loss and should the default rate change from expected:

- An increase in default rate by 2% would increase the expected credit loss by £1.7m.
- A decrease in default rate by 2% would result in no credit losses.
- An increase in default rate by 5% would increase the expected credit loss by £4.2m.
- A decrease in default rate by 5% would result in no credit losses.

Other debtors and prepayments

The largest items included within this balance are the returns reserve asset of £22.1m (2025: £17.0m) (refer to Note 1, section 6) and £8.1m (2025: £7.1m) of publisher debtors.

14. Trade and other payables

£m	**2026**	2025
Trade payables	**(82.9)**	(87.2)
Other creditors	**(38.3)**	(31.7)
Accruals	**(7.1)**	(8.2)
Deferred income	**(0.1)**	(0.1)
	(128.4)	(127.2)

Included within other creditors is a balance of £26.7m (2025: £19.8m) relating to the returns reserve accrual. (Refer to Note 1, section 6.)

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 32 days (2025: 30 days). No interest is charged on trade payables. The directors consider that the carrying amount of trade and other payables approximates to their fair value using a level 2 valuation.

15. Cash and borrowings

Cash and borrowings by currency (sterling equivalent) were as follows:

£m	Sterling	Euro and other	Total 2026	2025
Cash at bank and in hand	**3.7**	**0.2**	**3.9**	5.4
Cash held by the EBT to purchase own shares	**0.1**	**-**	**0.1**	2.8
Total cash and cash equivalents	**3.8**	**0.2**	**4.0**	8.2
Revolving credit facility	**-**	**-**	**-**	(2.1)
Unamortised arrangement fees – presented in non-current liabilities	**-**	**-**	**-**	0.4
Total borrowings	**-**	**-**	**-**	(1.7)
Net cash	**3.8**	**0.2**	**4.0**	6.5
Total borrowings				
Amounts due after 12 months	**-**	**-**	**-**	(1.7)
Total	**-**	**-**	**-**	(1.7)

The carrying amount of cash and cash equivalents approximates to their fair value.

The Group has a financing facility in place comprising a £40.0m Revolving Credit Facility (RCF) with a £10.0m accordion option. The agreement is with HSBC and Santander. This initial arrangement had a final maturity date of 2 May 2027 with the option of two one-year extensions on the first and second anniversaries. In the prior year, the first one-year extension was exercised. During the current year, the second one-year extension was exercised, which extended the maturity date to 2 May 2029.

At 29 August 2026, £Nil (2025: £2.1m) of the RCF was drawn. The total available amount is £40.0m for the life of the facility. As part of the terms of the financing, the Company and its principal trading subsidiaries provide security over their assets to the lenders. The current rate on the facility is 2.45% per annum over SONIA.

At 29 August 2026, the Company had £40.0m (2025: £37.9m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This is partially reduced by letters of credit of £1.3m (2025: £1.5m); further details are included in Note 20.

During the period, the net decrease of £2.1m in total borrowings comprised £23.9m (2025: £101.8m) of cash inflows from drawing down the RCF and £26.0m (2025: £117.7m) of cash outflows from repayment of the RCF.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

£m	Note	31 August 2025	Financing cash flows	New leases	Disposals	Other changes*	29 August 2026
Revolving credit facility	16	2.1	**(2.1)**	-	-	-	-
Leases		30.5	**(8.5)**	**6.7**	**(0.1)**	**2.3**	**30.9**
Total		32.6	**(10.6)**	**6.7**	**(0.1)**	**2.3**	**30.9**

£m	Note	1 September 2024	Financing cash flows	New leases	Disposals	Other changes*	30 August 2025
Revolving credit facility	16	17.6	(16.7)	-	-	1.2	2.1
Leases		30.9	(8.9)	6.6	0.5	1.4	30.5
Total		48.5	(25.6)	6.6	0.5	2.6	32.6

*Other changes include rent increases, interest accruals and the amortisation of loan fees.

Analysis of net debt

£m	*Note*	**2026**	2025
Cash and cash equivalents*	16	**4.0**	8.2
Non-current borrowings	16	**-**	(1.7)
Net cash		**4.0**	6.5
Lease liabilities	17	**(30.9)**	(30.5)
Net debt		**(26.9)**	(24.0)

*Included within cash and cash equivalents is £0.1m (2025: £2.8m) of cash held by the EBT for the purpose of purchasing own shares.

16. Financial instruments

Treasury policy

The Group operates a centralised treasury function to manage the Group's funding requirements and financial risks in line with the Board-approved treasury policies and procedures and their delegated authorities. The role of Treasury is to ensure that cash financing is available for running the businesses of the Group on a day-to-day basis, whilst minimising net interest cost. No transactions of a speculative nature are undertaken. Dealings are restricted to those banks with suitable credit ratings and counterparty risk and credit exposure is monitored frequently.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents as disclosed in Note 15 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity.

The only externally imposed capital requirements for the Group are Bank Net Debt to Bank EBITDA and interest cover under the terms of the banking facilities. The Group has fully complied during both the current and prior periods. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders and/or issue new shares.

The Board regularly reviews the capital structure. As part of this review, the Board considers the cost of capital, and the risks associated with each class of capital. We expect free cash from operations to be sufficient to manage net debt while also maintaining an attractive total shareholder return. The Group is targeting a Bank Net Debt: Bank EBITDA ratio below 1.0x, achieved through managing free cash from operations. The Group's facilities include a clause to account for lease charges under accounting standards applicable in 2019; Bank Net Debt: Bank EBITDA is stated on this basis.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by monitoring forecast and actual cash flows. The facilities that the Group has at its disposal to further reduce liquidity risk are described below.

As at 29 August 2026, the Group had £40.0m (2025: £40.0m) of committed bank facilities in place, comprising a £40.0m revolving credit facility (RCF), which expires on 2 May 2029.

The facility described above is subject to the following covenants:

- Leverage cover – the Bank Net (Cash)/Debt: Bank EBITDA ratio which must remain below 2.5x. At 29 August 2026 the ratio was (0.1x) (2025: 0.1x);
- Interest cover – the consolidated net interest: Bank EBITDA ratio which must remain above 4x. As at 29 August 2026 the ratio was 221x (2025: 79x); and
- Guarantor cover – the annual turnover, gross assets and pre-tax profits of the guarantors under the banking facilities contribute, at any time, 90% or more of the annual consolidated turnover, gross assets and pre-tax profits of the Group for each period. The guarantors, which are all 100% owned or wholly owned subsidiaries of Smiths News plc, comprise Smiths News plc, Smiths News Holdings Limited, and Smiths News Trading Limited.

At 29 August 2026, the Group had available £38.7m (2025: £36.4m) of undrawn committed borrowing facilities comprising the £40.0m (2025: £37.9m) RCF above less letters of credit of £1.3m (2025: £1.5m). In addition, the facility includes a £10m accordion facility option. There were no breaches of loan agreements during either the current or prior periods.

As the Group is cash generative its liquidity risk is considered low. The Group's cash generation allows it to meet all loan commitments as they fall due as well as sustain a negative working capital position.

The Group invests significant resources in the forecasting and management of its cash flows. This is critical given a routine cash cycle at Smiths News that results in significant predictable swings within each month; the Group's average gross borrowing for the period was £0.5m (2025: £6.6m). The Group has available funding via the undrawn RCF and a £10m accordion facility option.

The following is an analysis of the undiscounted contractual cash flows payable under non-derivative financial liabilities. The undiscounted cash flows will differ from both the carrying value and fair value. Floating rate interest is estimated using the prevailing rate at the balance sheet date.

£m	**Due within 1 year**	**Due between 1 and 2 years**	**Due between 2 and 3 years**	**Greater than 3 years**	**Total**
2026					
Bank and other borrowings	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(128.4)**	**-**	**-**	**-**	**(128.4)**
Leases	**(8.3)**	**(7.3)**	**(6.1)**	**(17.2)**	**(38.9)**
Total	**(136.7)**	**(7.3)**	**(6.1)**	**(14.6)**	**(167.3)**
2025					
Bank and other borrowings	(2.1)	-	-	-	(2.1)
Trade and other payables	(127.2)	-	-	-	(127.2)
Leases	(7.8)	(7.1)	(6.0)	(18.2)	(39.1)
Total	(137.1)	(7.1)	(6.0)	(18.2)	(168.4)

Counterparty risk
Dealings are restricted to those banks with suitable credit ratings and counterparty risk and credit exposure is monitored.

Foreign currency risk

- The majority of the Group's transactions are carried out in the functional currencies of its operations, and so transactional exposure is limited.
- The majority of the Group's net assets are held in Sterling, with £0.5m (2025: £0.4m) of net assets held in overseas currencies. Translation exposure arises on the retranslation of overseas subsidiaries' profits and net assets into Sterling for financial reporting purposes and is not seen as significant.
- Note 15 denotes borrowings by currency, with no material currency exposures to disclose.

Interest rate risk

The Group monitors its exposure to interest rate in light of the Group's debt exposure, consideration of the macroeconomic environment and sensitivity to potential interest rate rises. The Group avoids the use of derivatives or other financial instruments in circumstances when the outcome would effectively be largely dependent upon speculation on future rate movements. The Group does not consider interest rate risk to be sensitive.

Credit risk

The Group considers its exposure to credit risk to be as follows:

£m	**2026**	2025
Bank deposits and money market funds	**4.0**	8.2
Trade and other receivables	**111.1**	100.6
	115.1	108.8

Further detail on the Group's policy relating to trade receivables and other receivables can be found in Note 13.

17. Leases

The balance sheet shows the following right-of-use assets in relation to leases:

£m	Note	Equipment and vehicles	Land and buildings	Total
Cost:				
At 31 August 2025		2.3	50.6	52.9
Additions and modifications		**1.7**	**5.0**	**6.7**
Disposals		**(0.6)**	**(2.4)**	**(3.0)**
At 29 August 2026		**3.4**	**53.2**	**56.6**
Accumulated depreciation:				
At 31 August 2025		(0.8)	(22.7)	(23.5)
Depreciation charge		**(0.6)**	**(5.9)**	**(6.5)**
Impairment charge	**3**	**-**	**(1.4)**	**(1.4)**
Disposals		**0.5**	**2.4**	**2.9**
At 29 August 2026		**(0.9)**	**(27.6)**	**(28.5)**
Net book value at 29 August 2026		**2.5**	**25.6**	**28.1**
Cost:				
At 1 September 2024		1.5	49.2	50.7
Additions and modifications		1.2	5.6	6.8
Disposals		(0.4)	(4.2)	(4.6)
At 30 August 2025		2.3	50.6	52.9
Accumulated depreciation:				
At 1 September 2024		(0.9)	(20.3)	(21.2)
Depreciation charge		(0.3)	(6.2)	(6.5)
Disposals		0.4	3.8	4.2
At 30 August 2025		(0.8)	(22.7)	(23.5)
Net book value at 30 August 2025		1.5	27.9	29.4

Amounts recognised in respect of leases

£m	**2026**	2025
Interest expense (included in finance cost)	**2.3**	2.4
Expense relating to low-value and short term leases (included in cost of sales and administrative expenses)	**0.6**	0.6
Property rental income	**(0.2)**	(0.2)
Total cash outflow from leases	**8.5**	8.9

Maturity analysis of lease liabilities

£m	**2026**	2025
Current	**(6.0)**	(5.6)
Non-current	**(24.9)**	(24.9)
Total	**(30.9)**	(30.5)

Amounts recognised as lessor:

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

£m	**2026**	2025
Within one year	**0.2**	0.2
In the second to fifth years inclusive	**0.2**	0.2
	0.4	0.4

18. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

£m	Fixed assets	Share-based payments	Other temporary differences	Total
At 31 August 2025	(0.3)	0.7	0.4	0.8
Charge to income	**-**	**0.3**	**0.1**	**0.4**
Charge to equity	**-**	**0.2**	**-**	**0.2**
At 29 August 2026	**(0.3)**	**1.2**	**0.5**	**1.4**
Deferred tax assets	**-**	**1.2**	**0.5**	**1.7**
Deferred tax liabilities	**(0.3)**	**-**	**-**	**(0.3)**

At 1 September 2024	-	0.9	0.4	1.3
Charge to income	(0.3)	(0.1)	-	(0.4)
Charge to equity	-	(0.1)	-	(0.1)
At 30 August 2025	(0.3)	0.7	0.4	0.8
Deferred tax assets	-	0.7	0.4	1.1
Deferred tax liabilities	(0.3)	-	-	(0.3)

The deferred tax assets have been deemed recoverable as the Group forecasts that it will continue to make profits against which the assets can be utilised for tax purposes.

The Group has capital losses carried forward of £20.2m (2025: £20.2m). Deferred tax assets of £5.1m (2025: £5.1m) have not been recognised in respect of the capital losses carried forward due to the uncertainty of their utilisation. These capital losses do not have an expiry period.

Deferred tax assets and liabilities at the period end have been calculated based on the rate of 25% substantively enacted at the balance sheet date on the basis that the temporary differences are expected to unwind when that rate applies.

19. Provisions

£m	Reorganisation provisions	Insurance and legal provisions	Property provisions	Total
At 31 August 2025	(0.1)	(0.4)	(4.6)	(5.1)
Charged to income statement	**(0.6)**	**-**	**(1.0)**	**(1.6)**
Utilised in period	**-**	**0.1**	**0.1**	**0.2**
Unwinding of discount utilisation	**-**	**-**	**(0.2)**	**(0.2)**
At 29 August 2026	**(0.7)**	**(0.3)**	**(5.7)**	**(6.7)**

£m	2026	2025
Included within current liabilities	**(1.2)**	(0.5)
Included within non-current liabilities	**(5.5)**	(4.6)
Total	**(6.7)**	(5.1)

Reorganisation provisions of £0.7m (2025: £0.1m) relate to the restructure of the DMD business, the Smiths News network and the Group's support functions.

Insurance and legal provisions represent the expected future costs of employer's liability, public liability, motor accident claims and legal claims; included within the total balance is £0.3m (2025: £0.4m) relating to claims from the Tuffnells business prior to disposal.

The property provision represents the estimated future cost of dilapidation costs across the Group. These provisions have been discounted to present value and this discount will be unwound over the life of the leases. The provisions cover the period to 2036 with all of the liability falling within ten years and greater than one year.

20. Contingent assets, liabilities and capital commitments

Bank and other guarantees

As at 29 August 2026, the Group had approved letters of credit of £1.3m (2025: £1.5m) to the insurers of the Group for the motor insurance and employer liability insurance policies. The letters of credit cover the employer deductible element of the insurance policy for insurance claims.

Administration of Tuffnells Parcels Express Limited (Tuffnells)

As reported in Note 3, during the year the Company incurred £0.1m (2025: £0.7m) of legal and other professional fees in considering and responding to enquiry requests from the Pension Regulator ("TPR") in relation to TPR's ongoing investigation into the Tuffnells defined benefit pension scheme and the Company's period of ownership of Tuffnells, which had concluded with its sale in May 2020.

In February 2026, the Company received a Warning Notice ('WN'), which explained that TPR is considering issuing a Financial Support Direction ("FSD") against Smiths News in relation to the Tuffnells scheme. An FSD is based on a 'no-fault' liability-regime and forms part of TPR's wide-ranging powers. In addition to Smiths News, a number of other parties connected to Tuffnells are identified in the WN as potential targets of TPR's powers. TPR stated in the WN that the s75 liability of the Tuffnells Scheme, which is the maximum amount TPR can seek in aggregate from all targets, was estimated at £3.467m. Further information received from TPR in September 2026, indicates that this amount has now reduced to £3.297m.

The Company reviewed the WN with its advisers and made submissions to TPR in response during May 2026, denying liability. After the balance sheet date, TPR responded to the Company's submissions and has afforded the Company a further reply which is to be submitted by a deadline in January 2027. The Company's reply would be expected to precede any referral to the Determinations Panel and also precede any final decision ultimately being made as to whether an FSD should be issued against Smiths News, and if so, in what form or for what value.

The Board has considered the nature and circumstances of TPR's investigation to date and concluded, at the date of authorisation of the financial statements, that no provision is required, particularly given no final decision has been made by TPR.

Accordingly, the Board has concluded that the matter represents a possible obligation only and has disclosed a contingent liability. The Board maintains the view that Smiths News acted reasonably throughout its time as parent of Tuffnells and that it was an overall net contributor of funding and support to Tuffnells during its period of ownership.

Indemnity coverage

On winding up of the News Section of the WH Smith Pension Trust defined benefit pension scheme in December 2021, the Company has agreed run-off indemnity coverage for any member claims that were uninsured liabilities capped at £6.5m over the following 60 years. The Group is not aware of any claims brought during either the current or prior reporting period.

Reversionary lease

Other potential liabilities that could crystallise are in respect of the previous assignment of a lease where the liability could revert to the Group if the lessee defaulted. Pursuant to the terms of the Demerger Agreement from WH Smith PLC in 2006, any such contingent liability in respect of assignment prior to demerger, which becomes an actual liability, will be apportioned between Smiths News plc and WH Smith PLC in the ratio 35:65 (provided that the actual liability of Smiths News plc in any 12-month period does not exceed £5m). The Company's share of the rental commitment at 29 August 2026 was £0.8m (2025: £0.9m), which decreased during the period following a review of market rent. This lease is expected to end in 2033.

Capital commitments

Contracts placed for future capital expenditure approved by the Directors but not provided for amount to £0.1m (2025: £0.1m).

21. Net cash inflow from operating activities

£m	Note	2026	2025
Operating profit	2	**34.6**	41.2
Share of (profit)/loss of joint ventures	11	**(0.1)**	0.1
Depreciation of property, plant and equipment	10	**2.4**	2.5
Depreciation of right-of-use assets	17	**6.5**	6.5
Impairment of right-of-use assets	17	**1.4**	-
Amortisation of intangible assets	9	**0.5**	0.5
Loss on disposal of property, plant and equipment	10	**0.3**	-
Loss on disposal of intangible assets	9	**0.2**	-
Share-based payments		**1.5**	1.3
Decrease/(increase) in inventories		**2.4**	5.4
Decrease/(increase) in receivables		**(11.3)**	1.4
Increase/(decrease) in payables		**1.2**	(1.4)
Increase/(decrease) in provisions		**1.6**	(0.8)
Income tax paid		**(6.6)**	(8.8)
Refund of tax on pension surplus*		**-**	1.5
Net cash inflow from operating activities		**34.6**	49.4

Net cash flow from operating activities is stated after the following adjusting items:	3		
Recovery of McColls trade receivables		**-**	5.4
Refund of tax on pension surplus*		**-**	1.5
Tuffnells costs		**(0.3)**	(1.0)
Technology transformation costs		**(1.1)**	(0.7)
Network and reorganisation costs		**(0.1)**	(0.1)
Transformation programme planning costs		**(0.6)**	-
Total adjusting items cash flow		**(2.1)**	5.1

* During the prior period, the Company received a £1.5m refund of an overpayment of tax made in respect of the wind up of the News Section of the WH Smith Pension Trust defined benefit pension scheme during FY2022. This amount has been presented in other comprehensive income consistent with the original £5.1m charge recognised during FY2022.

22. Share capital

(a) Share capital

£m	2026	2025
Issued, authorised and fully paid:		
247.7m (2025: 247.7m) ordinary shares of 5p each	**12.4**	12.4

(b) Movement in share capital

Number (m)	Ordinary shares of 5p each
At 30 August 2025 and at 29 August 2026	247.7

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. The Company has one class of ordinary shares, which carry no right to fixed income.

No shares were issued during the current or prior periods.

(c) Share premium

£m	2026	2025
At 30 August 2025 and at 29 August 2026	**60.5**	60.5

23. Reserves

(a) Demerger reserve

£m	2026	2025
At 30 August 2025 and at 29 August 2026	**(280.1)**	(280.1)

The demerger reserve was created on demerger of the Group from WH Smith PLC in 2006. The balance represented the difference between the share capital and reserves of the Group restated on a pro-forma basis as at 31 August 2004 and the previously reported share capital.

(b) Own shares reserve

£m	2026	2025
At beginning of the period	**(2.9)**	(3.7)
Acquired in the period	**(5.3)**	(1.6)
Disposed of on exercise of options	**1.9**	2.4
At end of the period	**(6.3)**	(2.9)

The reserve represents the cost of shares in Smiths News plc purchased in the market and held by the Smiths News Employee Benefit Trust (EBT) to satisfy awards and options granted under the Group's Executive Share Schemes (see Note 24). The number of ordinary shares held by the EBT as at 29 August 2026 was 9,778,789 (2025: 5,665,315). In accordance with IAS 32, these shares are deducted from shareholders' funds. Under the terms of the EBT, the Trustee has waived all dividends on the shares it holds.

(c) Translation reserve

£m	2026	2025
At beginning of the period	**0.2**	0.2
Currency translation differences	**(0.1)**	-
At end of the period	**0.1**	0.2

24. Share-based payments

The Group recognised a total charge of £1.5m (2025: £1.3m) related to equity-settled share-based payment transactions during the period. The average share price throughout the period was 66.8p (2025: 58.2p).

The Group operates the following share incentive schemes:

Sharesave Scheme	Under the terms of the Group Sharesave Scheme, the Board grants options to purchase ordinary shares in the Company to eligible employees who enter into an HM Revenue & Customs approved Save-As-You-Earn (SAYE) savings contract for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract.
LTIP	Under the terms of the Group LTIP, executive directors and key senior executives are awarded each year entitlements to ordinary shares in the Company (which may be in the form of nil cost options or conditional awards) or, in order to retain flexibility and at the Company's discretion, a cash sum linked to the value of a notional award of shares up to a value of 200% of base salary. The vesting of awards is subject to the satisfaction of three-year performance conditions, which is determined by the Remuneration Committee at the time of grant. Subject to the satisfaction of the performance conditions, awards are normally exercisable until the tenth anniversary of the date of grant. Further, key senior executives may also be granted share awards (in the form of nil cost options) in respect of a (discounted) restricted share award which are dependent on continued employment with the Company.
Deferred Bonus Plan (DBP)	Under the terms of the Group Deferred Bonus Plan, each year Executive Directors and key senior executives are granted share awards (in the form of nil cost options) dependent on the achievement of the Annual Bonus Plan performance targets. Awards are immediately exercisable, but a two-year hold-back period applies, during which the share certificate for such shares is held by the Company.

Details of the options/awards are as follows:

	Sharesave		ESOS		LTIP		DBP	
	No. of shares	Weighted average exercise price (p)	No. of shares	Weighted average exercise price (p)	No. of shares	Weighted average exercise price (p)	No. of shares	Weighted average exercise price (p)
At 1 September 2024	4,846,397	50.75	460,038	153.9	8,993,266	-	1,186,979	-
Granted	1,270,955	61.60	-	-	2,474,769	-	1,279,212	-
Exercised	(1,347,405)	-	-	-	(2,261,850)	-	(1,323,209)	-
Expired/Forfeited	(327,398)	56.75	(460,038)	153.9	(2,988,807)	-	(28,967)	-
At 30 August 2025	4,442,549	55.50	-	-	6,217,378	-	1,114,015	-
Granted	**1,714,537**	**67.23**	**-**	**-**	**3,262,248**	**-**	**507,981**	**-**
Exercised	**(737,361)**	**-**	**-**	**-**	**(1,556,591)**	**-**	**(1,167,974)**	**-**
Expired/Forfeited	**(264,545)**	**58.96**	**-**	**-**	**(680,316)**	**-**	**-**	**-**
At 29 August 2026	**5,155,180**	**62.06**	**-**	**-**	**7,242,719**	**-**	**454,022**	**-**

There were no shares exercisable at 29 August 2026 or 30 August 2025.

The weighted average remaining contractual life in years of options/awards is as follows:

	Sharesave	LTIP	DBP
Outstanding at 29 August 2026	**1.7**	**1.4**	**0.9**
Outstanding at 30 August 2025	1.7	1.2	1.6

Details of the options/awards granted or commencing during the period were as follows:

	Sharesave	LTIP	DBP
During 2026:			
Effective date of grant or commencement date	**Jul 2026**	**Dec 2025**	**Dec 2025**
Average fair value at date of grant or scheme commencement – pence	**13.8**	**49.7**	**66.1**
During 2025:			
Effective date of grant or commencement date	Jul 2025	Dec 2024	Dec 2024
Average fair value at date of grant or scheme commencement – pence	11.9	43.5	60.6

The options outstanding at 29 August 2026 had exercise prices ranging from nil to 53.8p (2025: nil to 49.3p). The weighted average share price on the date of exercise was 63.8p (2025: 60.3p).

Sharesave options granted during each period have been valued using the Black-Scholes model. LTIP performance measures include a 60% (2025: 60%) total shareholder return (TSR) metric which is valued by reference to the share price at date of grant less an adjustment for the TSR portion of the award. The DBP schemes are valued by reference to the share price at the date of grant.

The inputs to the Black-Scholes model are as follows:

	Sharesave	**LTIP**	**DBP**
2026 options/awards:			
Share price at grant date – pence	**67.2**	**66**	**66**
TSR adjustment – pence	**-**	**(33)**	**-**
Exercise price – pence	**53.8**	**-**	**-**
Expected volatility – per cent	**32.4**	**-**	**-**
Expected life – years	**3**	**-**	**-**
Risk free rate – per cent	**4.1**	**-**	**-**
Expected dividend yield – per cent	**8.16**	**-**	**-**
Weighted average fair value – pence	**14**	**47**	**66**
2025 options/awards:			
Share price at grant date – pence	61.6	61	61
TSR adjustment – pence	-	(29)	-
Exercise price – pence	49.3	-	-
Expected volatility – per cent	33.6	-	-
Expected life – years	3	-	-
Risk free rate – per cent	3.8	-	-
Expected dividend yield – per cent	9.13	-	-
Weighted average fair value – pence	11	43	60

25. Post balance sheet events

The Directors have considered the period between the balance sheet date and the date when the accounts are authorised for issue for evidence of conditions that existed at the balance sheet date, either adjusting or non-adjusting post balance sheet events. In October 2026, the Group announced that it had successfully secured a new long-term exclusive contract with Telegraph Media Group Holdings Limited ("TMG"), publisher of 'The Daily Telegraph', and 'The Sunday Telegraph', (i) securing national distribution of TMG's leading titles across all of Great Britain, to take effect from October 2027 and (ii) an extension in the contract term of our appointment through to September 2036. This represents an incremental uplift in revenue from the expanded territories of c.£40m per annum from October 2027. Other than this event and those disclosed in Note 20, there are no other events in the current period.

26. Related-party transactions

Transactions between businesses within the Group which are related parties have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

	Sales to related parties	
£m	**2026**	2025
Joint ventures	**0.4**	0.4

Sales to related parties are for management fees and payment is due on the last day of the month following the date of invoice. There were no amounts owed by related parties in either period.

There were no non-trading transactions with related parties during either period.

Directors' remuneration

£m	**2026**	2025
Salaries	**0.9**	0.9
Bonus	**0.6**	0.7
Non-executive director fees	**0.4**	0.4
	1.9	2.0

Information concerning Directors' remuneration, interest in shares and share options is included in the Directors' Remuneration report.

There are two (2025: two) Directors to whom retirement benefits are accruing in respect of qualifying services under money purchase schemes.

Directors made gains on share options of £nil (2025: £nil).

Key management personnel (including directors)

The remuneration of the Directors and the Executive Leadership Team, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

£m	**2026**	2025
Short-term employee benefits	**3.5**	3.2
Share-based payments	**0.9**	0.9
	4.4	4.1

27. Subsidiary and associated undertakings

The table below summarises the interests of the Group as at 29 August 2026:

Company name/ (number)	Share class	Group %	Company name/ (number)	Share class	Group %
United Kingdom					
Rowan House, Cherry Orchard North, Kembrey Park, Swindon SN2 8UH					
Connect Limited 02008952	Ordinary Shares	100%	Dawson Holdings Ltd (*) 00034273	Ordinary Shares	100%
Connect Logistics Limited 09172965	Ordinary Shares	100%	Martin Lavell Limited 02654521 (*)	Ordinary Shares	100%
Connect News & Media Limited 08572634	Ordinary Shares	100%	Pass My Parcel Limited 09172022	Ordinary Shares	100%
Connect Parcel Freight Limited 09295023	Ordinary Shares	100%	Smiths News Holdings Limited (*) 04236079	Ordinary Shares	100%
Connect Parcels Limited 09172850	Ordinary Shares	100%	Smiths News Instore Limited 03364589	Ordinary Shares	100%
Connect Services Limited 08522170	Ordinary Shares	100%	Smiths News Investments Limited (*) 06831284	Ordinary Shares	100%
Connect Specialist Distribution Group Limited 08458801	Ordinary Shares	100%	Smiths News Distribution Limited 08506961	Ordinary Shares	100%
Connect2U Limited 03920619	Ordinary Shares	100%	Smiths News Trading Limited 00237811	Ordinary Shares	100%
Dawson Media Services Limited 06882722	Ordinary Shares	100%	Dawson Limited 03433262	Ordinary Shares	100%
Dawson Guarantee Company Limited 06882393	Ordinary Shares	100%	Dawson Media Direct Limited (*) 06882366	Ordinary Shares	100%
Germany					
Dawson Media Direct GmbH HRB 96649	Ordinary Shares	100%	Johannstr. 39 40476 Dusseldorf, Germany		

**Audit exemption statement*

For the 52 weeks ended 29 August 2026, the companies as indicated in the table by '(*)' above were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. As such, Smiths News plc has provided a guarantee against all debts and liabilities in these subsidiaries as at 29 August 2026. The members of these companies have not required them to obtain an audit of their financial statements for the 52 weeks ended 29 August 2026.

Structured entities

Further to the above, the Group consolidates the Smiths News Employee Benefit Trust (EBT), a trust for the purpose of purchasing and holding shares in Smiths News plc to satisfy share schemes. The trust is registered with and administered by Computershare Trustees (Jersey) Limited (''the Trustee''), 13 Castle Street, St Helier, JE1 1ES, Jersey.

Smiths News plc
Company Balance Sheet
As at 29 August 2026

£m	*Note*	**2026**	2025
Fixed assets			
Investments in subsidiary undertakings	3	**254.3**	225.7
Current assets			
Cash at bank and in hand		**-**	0.1
Total assets		**254.3**	225.8
Current liabilities			
Creditors: Amounts due within one year	4	**(50.8)**	(30.0)
Net current liabilities		**(50.8)**	(29.9)
Net assets		**203.5**	195.8
Capital and reserves			
Called up share capital	5(a)	**12.4**	12.4
Share premium account	5(c)	**60.5**	60.5
Retained earnings	6	**130.6**	122.9
Total shareholders' funds		**203.5**	195.8

The result for the period was a profit of £27.1m (2025: profit of £8.6m).

These accounts were approved by the Directors on 3 November 2026.

Signed on behalf of the Board of Directors

Jonathan Bunting
Chief Executive Officer

Richard Clay
Chief Financial Officer

Registered number – 05195191

Company Statement of Changes in Equity
For the 52 weeks ended 29 August 2026

£m	Note	Share capital	Share premium	Retained earnings	Total
Balance at 1 September 2024		12.4	60.5	130.4	203.3
Share-based payments		-	-	1.3	1.3
Profit for the period and total comprehensive income		-	-	8.6	8.6
Dividend paid		-	-	(17.4)	(17.4)
Balance at 30 August 2025 and 31 August 2025		12.4	60.5	122.9	195.8
Share-based payments		**-**	**-**	**1.5**	**1.5**
Profit for the period and total comprehensive income		**-**	**-**	**27.1**	**27.1**
Dividend paid		**-**	**-**	**(20.9)**	**(20.9)**
Balance at 29 August 2026		**12.4**	**60.5**	**130.6**	**203.5**

Smiths News Plc
Notes to the Company accounts

1. Accounting policies

(a) Accounting convention

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company has taken advantage of section 408 of the Companies Act 2006 not to present a profit and loss account and related notes.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cashflows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the Group Financial Statements, including:

- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of options, and how the fair value of goods and services received was determined); and
- IFRS 7, 'Financial Instruments: Disclosures'.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in Note 1 to the Group Financial Statements except as noted below.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

Estimated impairment of investments

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or where a previous impairment has been recognised. When a review for impairment is conducted, the recoverable amount (determined as the higher of value in use or fair value less cost to sell) is determined using value in use calculations as the fair value is not readily determinable.

The value in use method requires the Company to determine appropriate assumptions in relation to the cash flow projections over the three-year plan period (which is a key source of estimation uncertainty), the growth rate to be applied beyond this three-year period and as part of the terminal value calculation the post-tax discount rate used to discount the assumed cash flows to present value. The assumption that cash flows continue into perpetuity is a source of significant estimation uncertainty.

(b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at historical cost less provision for impairment.

(c) Financial instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(d) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

(e) Employee Benefit Trust

The Smiths News Employee Benefit Trust holds shares of the Company for the purpose of settling share-based payment plans for the Group's employees and is deemed a subsidiary of the Company on the basis of control. Smiths News Trading Limited, a subsidiary of the Company, provides funding to the trust for this purpose and the amounts are recognised as a capital contribution by the Company within investments. Any reduction from the purchase of shares is treated as a repayment of capital contribution.

2. Result for the period

The Company has not presented its own profit and loss account as permitted by section 408 of the Companies Act 2006. The result for the period attributable to shareholders, which is stated on an historical cost basis, was a profit of £27.1m (2025: profit of £8.6m). There were no other recognised gains or losses. Dividends paid in the period totalled £20.9m (2025: £17.4m) (refer to Note 7 of the Group financial statements).

Smiths News Plc
Notes to the Company accounts

3. Investments in subsidiary undertakings

£m	**2026**	2025
Net book value:		
At beginning of the period	**225.7**	402.5
Additions	**1.5**	1.3
Impairment reversal/(charge)	**27.1**	(178.1)
At end of the period	**254.3**	225.7

** Note: Additions relate to £1.5m (2025: £1.3m) invested by way of capital contribution in respect of equity settled share-based payments relating to employees of its subsidiaries*

At 29 August 2026, the carrying value of the Company's investment in subsidiary was £254.3m (2025: £225.7m) with a cumulative impairment provision of £433.1m (2025: £460.2m).

At the period end, the directors identified indicators both of impairment (due to the difference between the Group's total market capitalisation and carrying value and ongoing market decline) and of reversal of impairment (lower net debt position for the Group, national contract wins and an improved outlook evidenced through an increase in the average share price). Accordingly, they conducted an impairment review, based on the Group's value in use adjusted for net debt, which included a sensitivity analysis on the key inputs including the discount rate and on scenarios which might affect the Group's future cash flows.

As a result of the impairment review, the directors concluded that it was appropriate to partially reverse the previously recognised cumulative impairment of £460.2m by £27.1m representing the modelled estimate of the Group's value in use being higher than the carrying amount of the Company's investment in subsidiary.

The Company has three components which comprise Smiths News, Growth verticals (Growth), and its joint venture investment in Rascal Solutions Limited (Rascal).

The Company prepares cash flow forecasts derived from the most recent three-year planning process. Cash flows beyond this three-year period are extrapolated using a terminal growth rate based on management's future expectations.

The key assumptions in the value in use calculations were as follows:

	2026			2025		
Assumptions applied	**Smiths News**	**Growth**	**Rascal**	Smiths News	Growth	Rascal
Post-tax discount rate	**10.1%**	**19.7%**	**12.8%**	9.8%	19.8%	11.8%
Terminal value (decline)/growth rate	**(3%)**	**2%**	**2%**	(3%)	2%	2%

The post-tax discount rates are derived from a risk-adjusted weighted cost of capital using an average market participant capital structure, the inputs of which include a UK risk free rate, risk premium, small company risk premium and a risk adjustment (beta).

The market which Smiths News operates is in long-term structural decline and it is assumed that revenue is expected to fall each year over the longer term. As such, a terminal value decline of 3% (2025: 3%) is used for the Smiths News component.

As disclosed in the accounting policies (see Note 1), the cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to a change in the impairment loss. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions and in reference to the Company's principal risks.

£m	**Impairment reversal/ (charge)**	**Impact to carrying value**
Expected case	27.1	-
+1% Discount rate	11.2	(15.9)
-1% Discount rate	45.6	18.5
+1% TGR	38.7	11.6
-1% TGR	17.1	(10.0)
Scenario 1	(24.3)	51.4
Scenario 2	12.1	(15.0)

Scenario 1 – Assumes net revenue from newspapers and magazines is reduced by 3%
Scenario 2 – Assumes profit from growth initiatives is reduced by 50%

4. Creditors: Amounts due within one year

£m	**2026**	2025
Amounts owed to subsidiary undertakings	**(50.8)**	(30.0)

Amounts owed to subsidiary undertakings are repayable on demand, unsecured, non-interest bearing and typically settled in cash.

Smiths News Plc
Notes to the Company accounts

5. Share capital

(a) Share capital

£m	**2026**	2025
Issued and fully paid ordinary shares of 5p each		
At 30 August 2025 and at 29 August 2026	**12.4**	12.4

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. The Company has one class of ordinary shares, which carry no right to fixed income.

(b) Movement in share capital

Number (m)	Ordinary shares of 5p each
At 30 August 2025 and at 29 August 2026	**247.7**

(c) Share premium

£m	
At 30 August 2025 and at 29 August 2026	**60.5**

6. Directors' emoluments and employees

The Company engaged five (2025: five) Non-Executive Directors. Smiths News Trading Limited, an indirect subsidiary, pays all remuneration without recharge for all Directors and the amounts are disclosed within the Directors' Remuneration Report.

Glossary – Alternative performance measures

Introduction

In the reporting of financial information, the Directors have adopted various alternative performance measures (APMs).

These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Purpose

The Directors believe that these APMs assist in providing additional useful measures of the Group's performance. They provide readers with additional information on the performance of the business across periods which is consistent with how the business performance is planned by, and reported to, the Board and the Executive Leadership Team.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Note/page reference for reconciliation	Definition and purpose
Income statement				
Adjusting items	No direct equivalent	N/A	Note 3	Adjusting items of income or expense are excluded in arriving at adjusted operating profit to present a further measure of the Group's performance. Each Adjusting item is considered to be significant in nature and/or quantum, non-recurring in nature and/or unrelated to the Group's ordinary activities or consistent with items treated as adjusting in prior periods. Excluding these items from profit metrics provides readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is planned by, and reported to, the Board and the Executive Team.
Adjusted operating profit	Operating profit*	Adjusting items	Income statement	Adjusted operating profit is defined as operating profit excluding the impact of adjusting items. It is the headline measure of the Group's performance and a key management incentive metric.
Adjusted profit before tax	Profit before tax (PBT)	Adjusting items	Income statement/ Note 3	Adjusted profit before tax is defined as profit before tax excluding the impact of adjusting items.
Adjusted profit after tax	Profit after tax (PAT)	Adjusting items	Income statement/ Note 3	Adjusted profit after tax is defined as profit after tax from continuing operations, excluding the impact of adjusting items.

Adjusted EBITDA	Operating profit*	Depreciation and amortisation Adjusting items		This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation and adjusting items.
Bank EBITDA	Operating profit*	Depreciation and amortisation Adjusting items Operating lease charges		This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation and, adjusting items, and includes operating lease charges calculated under accounting standards applicable in 2019 and excludes share-based payments expense. This measure is used to calculate compliance with banking covenants.
Adjusted earnings per share	Earnings per share	Adjusting items	Note 8	Adjusted earnings per share is defined as Adjusted PBT, less taxation attributable to Adjusted PBT and including any adjustment for minority interest to result in adjusted PAT attributable to shareholders; divided by the basic weighted average number of shares in issue.

Cash flow statement				
Free cash flow	Net movement in cash and cash equivalents	Dividends, acquisitions and disposals, repayment of bank loans, EBT share purchases		Free cash flow is defined as the movement in cash and cash equivalents excluding the following: payment of dividends, the impact of acquisitions and disposals, the repayment of bank loan principal amounts and outflows for purchases of own shares (EBT share purchases). This measure reflects the cash available to the Group, which can be used for investments, dividends and the reduction of debt.
Free cash flow (excluding adjusting items)	Net movement in cash and cash equivalents	Dividends, acquisitions and disposals, repayment of bank loans, EBT share purchases, pension deficit repair payments adjusting items		Free cash flow (excluding adjusting items) is free cash flow adding back the cash impact of adjusting items.
Balance sheet				
Bank Net Cash/Debt	Borrowings less cash		Cash flow statement	Bank net cash/(debt) is calculated as total debt less cash and cash equivalents (excluding cash held by the EBT). Total debt includes loans and borrowings (excluding unamortised arrangement fees), overdrafts and obligations under finance leases under accounting standards applicable in 2019.
Net debt	Borrowings less cash		Cash flow statement	Net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings, overdrafts and obligations under leases.

*Operating profit is presented on the Group income statement. It is not defined per IFRS, however, is a generally accepted profit measure.

Reconciliation of free cash flow to net movement in cash and cash equivalents

£m	2026	2025
Net (decrease)/increase in cash and cash equivalents	**(4.2)**	1.2
Net decrease in borrowings	**2.1**	15.9
Movement in borrowings and cash	**(2.1)**	17.1
Dividend paid	**20.9**	17.4
Outflow for purchase of own shares by EBT	**5.3**	1.6
Total free cash flow	**24.1**	36.1

Reconciliation of bank net cash to reporting net debt

£m	2026	2025
Bank net cash	**3.9**	3.3
Cash held by the EBT for purchase of own shares	**0.1**	2.8
Unamortised arrangement fees (Note 15)	**-**	0.4
IFRS 16 lease liabilities (Note 17)	**(30.9)**	(30.5)
Net debt (Note 15)	**(26.9)**	(24.0)

Reconciliation of adjusted operating profit to Bank EBITDA

£m	Note	2026	2025
Operating profit		**34.6**	41.2
Adjusting items	**3**	**4.1**	(2.1)
Adjusted operating profit		**38.7**	39.1
Depreciation of property, plant and equipment	**2**	**2.4**	2.5
Amortisation of intangible assets	**2**	**0.5**	0.5
Depreciation of right-of-use assets	**2**	**6.5**	6.5
Adjusted EBITDA		**48.1**	48.6
Lease charges		**(8.5)**	(8.3)
Exclude: Share based payments expense	**4**	**1.5**	1.3
Bank EBITDA		**41.1**	41.6