

Delivering together

Annual Report 2025



Welcome to our Annual Report and Accounts 2025

A strong performance



Jonathan Bunting
CEO

Headline results

Our performance on key financial measures

Total Statutory Revenue

£1,064.0m



Free Cash Flow

£36.1m



Adjusted Operating Profit

£39.1m



Average Net Cash/(Debt)

£3.3m



Adjusted Profit after Tax

£27.0m



Bank Net Cash/(Debt)

£3.3m



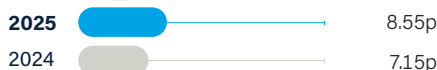
Statutory Profit after Tax

£28.3m



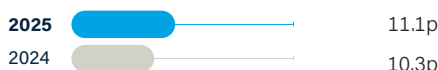
Dividend per Share

8.55p



Adjusted Earnings per Share

11.1p



Read more about us on our website
www.smithsnews.co.uk

“
 Our performance this year has delivered operating profit ahead of expectations, with strong levels of free cash and a significant reduction in net debt. This is testament to our robust business model, strong balance sheet and progress we continue to make.

Our vision and
strategy

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Listening to our
stakeholders

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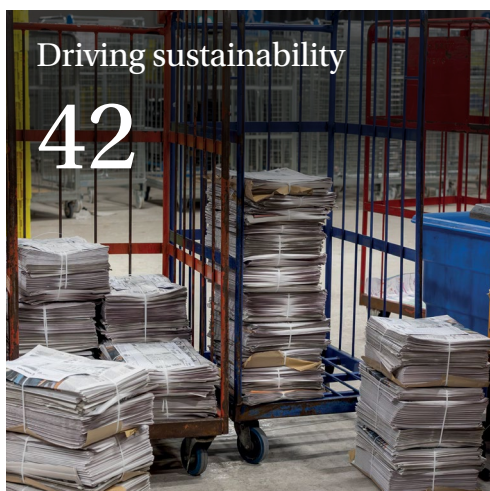
Another year
of progress

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Driving sustainability

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Non-financial information statement

The Company has complied with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report as follows:

- the business model on page 04;
- information on environmental, employee, social, human rights, anti-corruption and anti-bribery matters (non-financial matters), including the relevant policies, due diligence process implemented in pursuance of the policies and outcomes of those policies, on pages 91 and 92;
- principal and emerging risks identified in relation to non-financial matters, including a description of the business relationships, products and services which are likely to cause adverse impacts in those areas of risk, and a description of how the principal risks are managed, on pages 67 to 73;
- all Key Performance Indicators (KPIs), including those in relation to non-financial matters, are on page 16 to 19;
- the Financial Review, which includes, where appropriate, references to, and additional explanations of, amounts included in the Group Financial Statements on pages 138 to 169;
- a statement explaining how the directors have had regard to the matters in s172 of the Companies Act 2006 in performing their duties on page 32 to 39; and
- future developments in the business on pages 06 to 11.

Strategic Report

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| Smiths News in Focus

The UK's early morning specialist

This snapshot of our business, together with our Strategic Report, shows how we are working to fulfil our vision of being the UK's leading provider of early morning, end to end, supply chain solutions.

Smiths News is the UK's largest wholesaler of newspapers and magazines, serving publishers and retailers for over 200 years. With 55% market share, our scale and expertise is unmatched in the sector, making us an essential partner across the supply chain.

We are proud of this heritage and the difference we make to communities every day. But we are also looking forward, expanding our product range and evolving our services to meet the growing demand for early morning delivery and collection.

● Logistics and Warehousing

We offer a full range of logistics and warehouse services, founded on our leadership in news delivery, and now increasingly applicable to adjacent markets. Leveraging these capabilities has allowed us to extend our product range, working with suppliers who want access to our customers together with an end-to-end supply chain solution.

Pick and Pack

Every day, we receive bulk supplies from our publishers and other suppliers, separating and amalgamating these into individual customer consignments. While newspapers and magazines are typically prepared for immediate or next day distribution, our depots also hold supplies for replenishment of higher value and less time sensitive items such as monthly magazines, books, and collectables.

Daily deliveries

Operating seven days a week, we deliver to, and collect from, more than 22,000 outlets, typically arriving well before 6.30am. Every morning, across England and Wales, we ensure that newspapers and magazines are widely available, from major city centres or remote rural villages.

Returns collection

When delivering today's supplies, we collect the unsold copies of yesterday's newspapers and out of date magazines. These are individually scanned and credited accordingly, with processing completed in a matter of hours. This specialist capability makes us one of the UK's leading returns logistics partners.

Track and trace

Our deliveries are supported by technology that underpins demanding KPIs, ensuring the same high-quality service for suppliers and end customers. We scan all supplies from arrival at our distribution centres to their delivery and returns collection. Recent investments will enhance our ability to provide real time information for customers and suppliers.

Recycling

Using on-site facilities, we sort and process unsold copies for recycling by accredited partners. Our new venture Smiths News Recycle extends our capabilities to include paper, cardboard and plastics. High value items, such as collectables, can be stored and returned to suppliers if required.

Invoicing

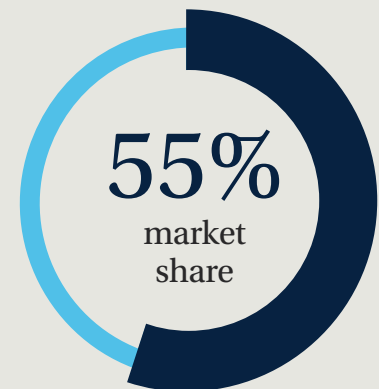
As a wholesaler we take ownership of our supplies, invoicing retailers and forecasting future demand. We also work closely with retailers, using EPOS data to flow in and replenish supplies as required. The combination of deliveries and invoicing provides a simple solution for many suppliers wanting access to our customers.

Market insight

Our supply and invoice systems give us a complete view of the market, with the most comprehensive data set in the industry. This is critical to our added value role and competitive advantage in our traditional markets, but increasingly we are using our insight to identify sales opportunities for new suppliers.

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With 55% market share, our scale and expertise is unmatched in the sector, making us an essential partner across the supply chain.



More information on business model and strategy is included in our

[Business Model on page 04](#)

[Strategy on page 06](#)

Recycling and Waste

Visiting our customers daily, with convenient collections and transparent pricing we are ideally placed to be a recycling collection partner of choice. Targeting the needs of small and medium sized retailers we are growing our capacity and capability at pace.

In only three years our recycling business Smiths News Recycle, has grown from start up to servicing just under 5,000 customers. New investment allows us to extend our recycling offer from paper and cardboard to a wider range of recyclable materials, such as metal cans and plastics.

We have ambitious plans for further growth. Demand for recycling and waste management solutions is growing organically, driven by greater awareness and the desire, across all of society, to improve sustainability and reduce waste. New legislation formalises this into strict requirements for businesses which opens the door to new and innovative solutions.

More information on recycling capabilities is included in Smiths News Recycle on page 08.



Final Mile

Our final mile delivery is extensive and well tested, with a specialist early morning capability that is unmatched within our territories. Historically focused on the unique needs of newspapers and magazines, we are opening our network to others and working closely with suppliers and distributors who want access to those skills and services.

In FY2025 we delivered over one million units outside of our core news supplies and we plan to increase this by working with more suppliers and partners in FY2026. Looking ahead, our flexible depot configuration will be key, with larger distribution centres offering a convenient regional or even single point of access to our wider final mile network. Ongoing investments in technology will also enhance our live information flows for both customers and suppliers, adding value to deliveries.

More information on our final mile investments and capabilities is included in Delivering Excellence on page 20.

Integrated Network

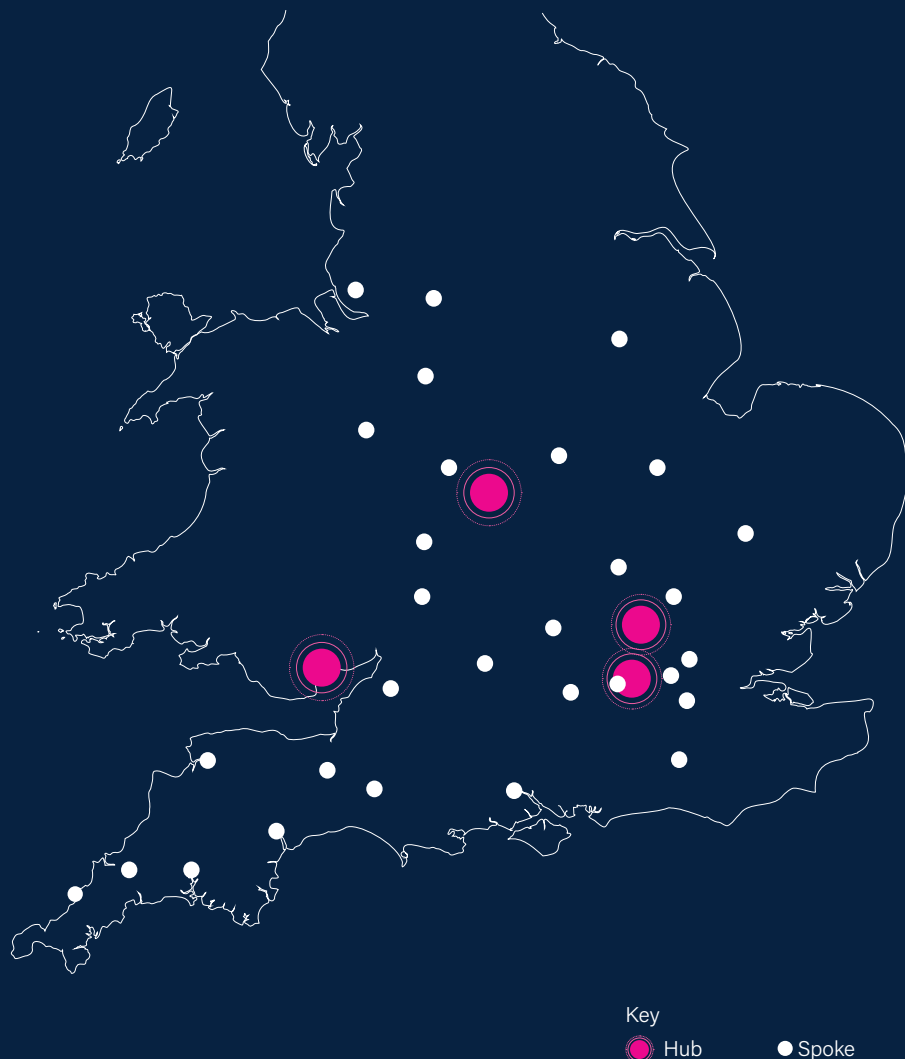
Our network is structured to meet the needs of our customers.

Using a hub and spoke configuration, we have 34 locations across England and Wales, providing wide coverage and efficient capability. Operating seven days a week it delivers an unparalleled early morning capability that was founded on newspapers and magazines but is increasingly applicable to other products and services.

Strategically positioned distribution centres enable an efficient point of entry for supplies that can then be trans-shipped across the network – while our final mile locations ensure we reach our customers in the tightest of time windows.

The detailed configuration of our transshipment and final mile routing is continually reviewed for optimum efficiency, flexibility and resilience. This process is supported by technology that ensures transparent reporting of demanding KPIs. Meanwhile, recent investment in our systems is further enhancing our capability, making us more 'product agnostic' and less centred on our historic specialism of news distribution.

Our network

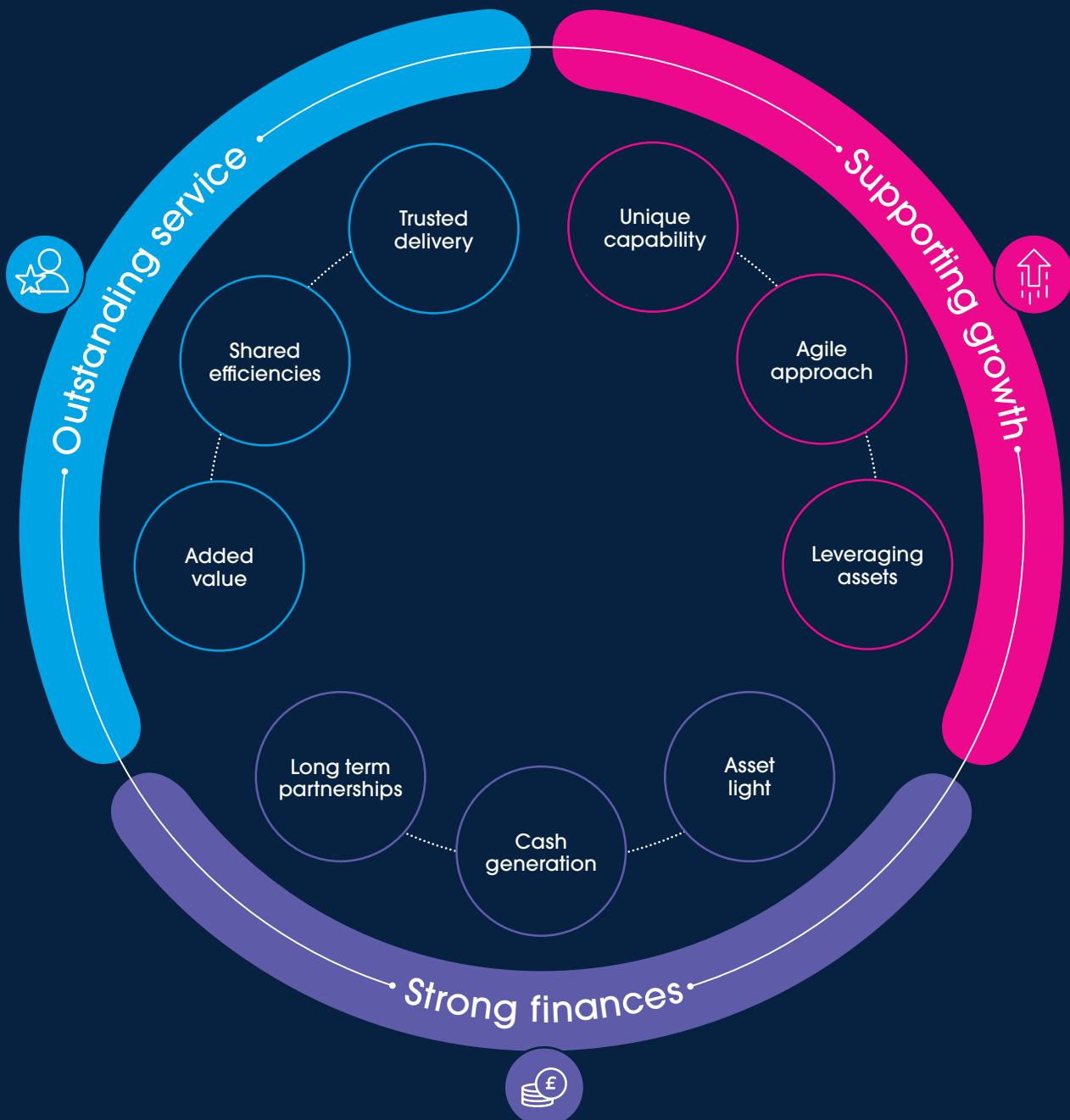


Business Model

Our business model supports both our existing operations and our ambitions to extend our market reach

Established over decades of market leadership across the news and magazine distribution, our extensive market reach and an unwavering commitment to service quality and execution ensures we have the right template to further extend our activities.

Our model not only delivers robust trading metrics, but also provides for investment, industry leadership and innovation, delivering attractive returns for our investors.



The key components of our business model underpin our vision and strategy to be the leading provider of early morning, end to end, supply chain solutions.

Outstanding service

Trusted delivery

We work to meet the highest standards in our sectors, tracking and monitoring every step of the delivery journey – from receipt of goods to returns and recycling. This transparency of performance drives efficiency and promotes the trusted partnership on which our business model is founded.

Shared efficiencies

In providing a shared route to market we ensure that efficiencies benefit our suppliers and customers, improving our competitive advantage and further embedding our relationships so that we become the partner of choice in our chosen supply chains.

Added value

We offer a range of added value and premium services to our customers and suppliers. From in-store merchandising to our ability to reach specialist outlets or provide bespoke distributions, we have the capability to offer more when required, helping our customers run their business more efficiently and profitably.

Strong finances

Long-term partnerships

As the UK's largest news wholesaler, we have long-term contracts that provide security and visibility of our core revenue streams. Furthermore, the relative predictability of our sales and revenues allows us to plan and invest with confidence, limiting risk over the lifetime of our agreements.

Cash generation

Our invoicing and payment cycle promotes positive cash generation, allowing us to operate with low levels of debt and supporting attractive returns to shareholders.

Asset light

By using final mile contractors, we have the ability to flex our service in response to demand and are not burdened with the high fixed costs of a large fleet. The model enhances our ability to test and trial new initiatives as we seek to broaden our market reach.

Supporting growth

Unique capability

We have a unique early morning capability that delivers a scale route to market for our supply partners and customers. Every day we reach approximately 22,400 customers, typically before 6.30am, with reliable deliveries and collections that are increasingly attractive to new customers.

Agile approach

Our established network and technology allows for an agile approach to growth opportunities, using a 'trial-refine scale' methodology that ensures opportunities can be efficiently accommodated and that new processes are both sustainable and competitive.

Leveraging assets

In leveraging our existing assets the model is well placed to ensure our targeted growth opportunities deliver positive returns early in their lifecycle. As we expand our customer base and services we are investing in more generic systems that allow us to be more 'product agnostic' in the opportunities we pursue.

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Our business model is well placed to meet the needs of all stakeholders, supporting the balance of investment for the future, our ongoing commitments to our people and communities, and attractive returns for shareholders.



| Strategy

A focused strategy founded on our strengths

Focusing our ambitions

Building on our early morning capability, our strategy is focused on four complementary market pillars.

News and Magazines

Our ambition: To be the leading distributor of newspapers and magazines, delivering service excellence and maximising the long-term sustainability of the category for all stakeholders.

While volumes of printed media are in overall decline the market remains large, relatively predictable and profitable to serve at scale. We will continue to seek efficiencies to help offset the impacts of inflation while pursuing growth opportunity categories, such as higher-margin collectables and complementary products (cards, books and gifts) for our established customer base. From a customer perspective we are working to offer leading services and technology that make the category easier and more profitable.

Recycling and Waste

Our ambition: To be one of the UK's leading recycling and reverse logistics partners, delivering value for customers through cost efficiency, unrivalled service delivery and industry leading compliance.

Smiths News Recycle is our flagship recycling service, ideally positioned to meet the needs of those customers that require a regular and local collection.

We will offer customers an unrivalled service, allowing them to recycle more, reduce their waste costs and achieve sustainability goals, while actively supporting the circular economy.

In the next phase of our growth, we will be targeting opportunities to increase scale through new customers, new waste categories and by providing solutions that simplify the in-store management ahead of the expected introduction of future legislation and technology.

Category Expansion

Our ambition: To be the leading provider of outsourced direct-to-store categories for both large-scale retailers and smaller independents.

Working with industry partners we provide end-to-end solutions for large retailers, initially supplying books and DVDs. The comprehensive service encompasses category management, sales based ordering and replenishment, and fully-tracked local deliveries within the news and magazines operations.

For smaller retailers, we are developing carefully targeted product ranges to include cards, gifts and toys. The service is integrated with our early morning deliveries, enhancing profitability for all partners while supporting the profitability of newspapers and magazines too. Through our news deliveries we already have a substantial customer base to target and are working to leverage this route to market for other leading suppliers and brands.

Final Mile Deliveries

Our ambition: to become a recognised national provider of early morning final mile solutions for the B2B sector.

The market for final mile solutions is increasing at pace, fuelled by consumer expectations of ever more speedy delivery, the growth of e-commerce in B2B markets and the demand for near instant fulfilment of time sensitive products. Traditional in-house operations struggle to meet the increasing expectations of both speed and quality.

These accelerating trends have expanded the opportunity for early morning specialists such as Smiths News. We now offer a range of early morning distribution solutions including warehousing, cross docking, storage, final mile deliveries and returns. Using our local distribution centres, we have proven our ability to offer both reach and repeatability for customers who need reliable tracked delivery service.

Looking ahead, we are working, first to trial and then to embed, a complete menu of premium services for time sensitive B2B suppliers — backed by technology that provides a 'product agnostic' solution encompassing storage, picking and delivery.

 smiths news plc

 News and Magazines

 Recycling and Waste

 Category Expansion

 Final Mile Deliveries

“
Our strategy is founded on an expertise in early morning delivery and collection, leveraging the unique strengths and capabilities that continue to serve us well in our established markets. Through a combination of process, people and industry partnerships, we are expanding our portfolio of revenue streams that will further improve our resilience and ensure we can continue to generate strong and sustainable shareholder value.

Jonathan Bunting
 CEO

Leveraging our strengths

At Smiths News we have many of the capabilities that are helping us to grow and diversify our business. We are building from these strong foundations, targeting carefully chosen market opportunities that diversify our portfolio without distraction from our established operations.

Early morning delivery

We have unique capability to deliver, at scale, in time windows that other distributors would struggle to match. Every day we make our deliveries before 7.00am, reaching customers of all sizes and in diverse locations, from city centre superstores to small independent retailers.

Recycling and waste

With the capability for daily pick up and swift processing we are ideally placed to capitalise on the growing demand for returns and waste services, particularly in serving small to medium sized enterprises. Our investment in processing capability will allow us to scale operations while new legislation is expected to increase demand for new and convenient solutions such as those offered by Smiths News Recycle.

Final mile

Our network, though founded on newspapers and magazines has capability to distribute time sensitive consignments for many more customers and product groups. In FY2025 we delivered over one million non-news units through our final mile network.

Quality assurance

All our core deliveries are tracked, and with the ability to collect as we go, we can provide a closed loop of sortation, delivery and collection, supported by information flows that ensure compliance and provide reassurance to all stakeholders.

Inventory and invoicing

As a wholesaler, we can take ownership and invoice directly to customers for the supplies they receive. We have sophisticated systems to allocate and invoice across thousands of individual product lines, with dynamic forecasting algorithms that drive efficiency and minimise waste.

Customer support

Our local distribution hubs are backed by a centralised offshore call centre that provides dedicated telephone support for all customers. Large national chain retailers benefit from EPoS integration and have dedicated account management, while our suppliers are backed by a dedicated service centre to assist with allocation, sales and future forecasting.



Smiths News Recycle

Our flagship recycling service is simple, convenient and assured

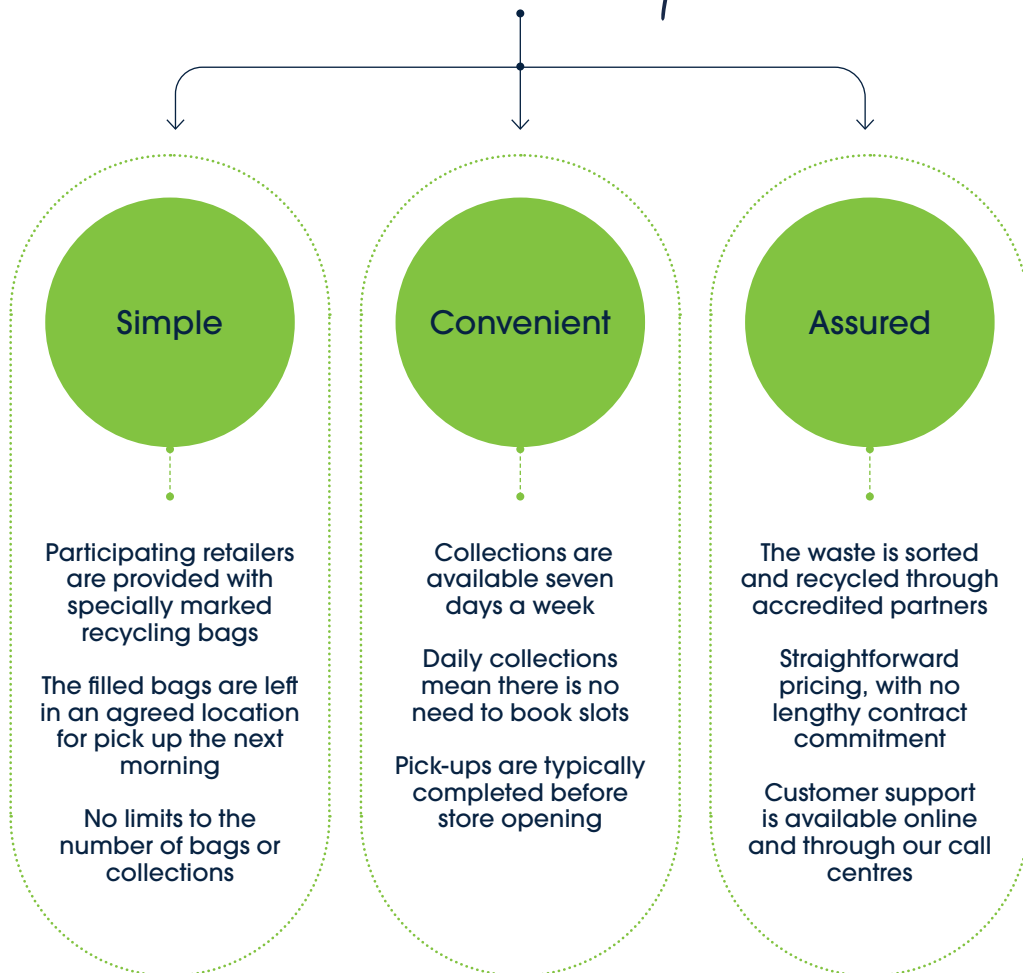
Smiths News Recycle offers a uniquely convenient, affordable and accredited solution for businesses.

Using our established network of early morning deliveries, we collect dry waste materials on a daily basis, allowing customers to focus on their core business, sure in the knowledge that their materials are processed to accredited standards. The early morning collections are simple and convenient with flexible payment options, and importantly, early morning collections that don't disrupt business hours – as a result we are generating customer satisfaction scores and are confident in expanding the scale and scope of our operations.

“
We have excellent customer satisfaction and are confident in expanding the scale.



A simple and convenient solution



Our solution is designed to be simple, convenient and assured.

We offer a daily collection of dry mixed recycling (DMR), with early morning pick up and a no-fuss process for customers to follow. It's designed to help customers save time and money and free up space. Independent customers can opt for a fixed fee or 'pay as you go' contract.

The service dovetails to our daily delivery routes and draws on our established expertise in processing newspapers and magazines.

Vision and opportunity

Our vision for Smiths News Recycle is to be one of the UK's leading recycling partners, delivering value for customers through cost efficiency, unrivalled service delivery and industry leading compliance.

This is an ambitious goal that we know will take time to achieve, but we are confident of our ability to succeed. Our progress to date is built on a long and successful track record in processing paper waste, which is why we believe Smiths News Recycle can become a household name in its markets, a leading recycling partner of choice, and a trusted partner to our customers.

Our confidence is founded on a customer proposition that is straightforward and yet unique to the marketplace. Leveraging our existing daily deliveries we offer:

- Seven day a week, early morning, collection
- Environmental accreditation
- Traceability through our scanning of every bag
- Accurate data and reporting
- Low additional mileage giving positive sustainability rating

Looking ahead, we see further opportunities in the waste and recycling sector and will plan on expanding our services over time.

Experienced leadership

In July 2025 Adam Wylie joined the business as Managing Director of Smiths News Recycle. He brings a wealth of experience in the recycling sector, having spent 20 years in the industry, including 17 years at Veolia for which he was latterly the Managing Director of its UK commercial business. Adam also has a strong operations background with experience of acquisitions and business transformation.



Smiths News Recycle continued

From regional trials to national provider

Smiths News Recycling was first launched in 2022 – initially as a small-scale, exploratory, trial to a limited number of customers in Liverpool and the West Midlands. Customer feedback was so positive that it quickly became clear we were uniquely well placed to serve what was a sizable and growing gap in the market.

From those early beginnings we have grown the business so that it now operates across our entire network, and we are expanding our customer base to retailers outside of our traditional customer base.

Growing market

Demand for recycling solutions is growing, fuelled by legislation and increased customer expectations of good environmental practice.

New legislation (introduced in 2025) now requires businesses with more than ten employees in England to arrange for the collection of their core recyclable waste streams. By 2027 this will apply to all business, creating real challenges for thousands of small businesses and opening the door to new and innovative solutions.

In particular, the forthcoming DMR regulations, which includes cardboard, paper, cans and plastic bottles, gives rise to significant issues for many small and medium-sized retailers with limited storage facilities and a shortage of time for sortation and self-managed disposal.

It is in this environment that we have taken opportunity to invest for the future.

Investing for growth

Our established footprint has provided an excellent base to launch the business, but it was always clear that we would need to achieve greater scale and capability.

Having thoroughly tested our ability to serve customers efficiently, we have begun a programme of investment to ensure we can capitalise of the range of opportunities in the recycling market.

In FY2025 we have invested in facilities and infrastructure to handle greater volumes and ensure that processing can be managed efficiently at our distribution centres. In particular, we have needed to install items such as compactors and storage units that give us greater capacity and capability for expansion.

The investment also allowed us to increase the scope of our recycling from the initial plastic and cardboard to a full mix of DMR waste. This is vital to ensure we can provide customers with the simple no-fuss solution that meets the latest legislation and saves them time and money.

What is DMR?

Dry Mixed Recycling (DMR) is a collective term for clean recyclable materials, such as paper, cardboard, metal cans, and plastics. Driven by legislation, the requirement to separate DMR from other recyclables is a strategic significant shift in our Government's approach to waste management, requiring businesses to find sustainable alternatives to historic disposal methods. Small businesses and particularly retailers have significant quantities of DMR from product packaging and, for many the burden of storage and disposal will increase as new requirements come into force.

What are Deposit Return Schemes?

Growing at pace across Europe, deposit return schemes are a means of improving recycling rates by offering consumers an incentive to return suitable items. Most typically, a refundable deposit is charged on single-use bottles and cans, that are returnable to designated collection points. The development of reverse vending machines (which automate the refunding credits) is intended to make the process simple for consumers – these are often sited at retail premises. The UK Government currently proposes to mandate deposit return schemes across various regions of the UK by 2027.

Did you know?

An estimated 6.5 billion single-use drink bottles and cans go to waste, rather than being recycled, every year. That's over 17 million every day.

A timeline of Smiths News Recycling

2022 Initial Trials

Confirming strong demand and nascent opportunity



2023 Network Roll Out

Testing of service and pricing options



2024 Scaling Up

Growing our customer base



2025 Fit for the Future

Investing in capability and capacity



2026 Driving Growth and Opportunity

Pursuing new customers and expanding our services

Customer satisfaction

“
It's convenient as there is daily pick up of recycling waste, which makes our life easy.

Priom Limited

“
This scheme has been an absolute lifesaver for us as we go through a lot of cardboard and plastic. Extremely timesaving for us as a business and I have built a good rapport with the driver who collects our recycling.

Mercury News Shop

“
100% recommend to other retailers! It makes our lives easier as we don't have to recycle off-site. We have had no failed pick ups.

Pasture Lane Store

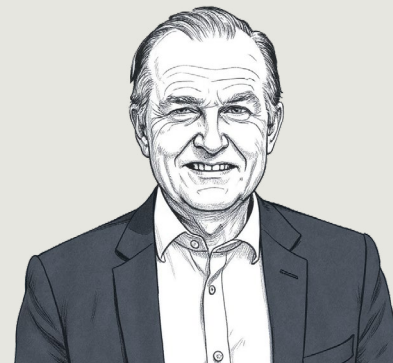


How the service model works



Chairman's Statement

A strong financial performance, exceeding market expectations



David Blackwood
Chairman

I'm pleased to confirm that the business has delivered a strong financial performance, exceeding market expectations for profitability, while continuing to strengthen the balance sheet and invest for growth. The Board's commitment to meeting the needs of all stakeholders remains the bedrock of our strategy and it's gratifying to be able to highlight further progress that will benefit all parties.

Our results this year have been driven by the combination of operational excellence and strong sales across our collectables market. Critically, the news wholesaling operation continues to deliver on its twin goals of outstanding service and continual improvements in efficiency. This remains vital to our plans, underpinning our ability to invest in capability that will, over time, expand our presence in new adjacent markets. Colleagues across the business are aligned to these objectives and it is ultimately their outstanding efforts that have shaped our success.

Our headline measures confirm the continuing strength of our business model.

Adjusted operating profit of £39.1m is flat on the previous 53-week year (FY2024: £39.1m) from revenue of £1,064.0m that was down 3.6% (FY2024: £1,103.7m). Statutory Operating Profit of £41.2m was up (FY2024: £40m). Free Cash Flow, a signature quality of the business, was £36.1m (FY2024: £7.3m) with year-on-year improvement driven primarily by the normalisation of the payment cycle (which had been impacted by the additional week of trading in FY2024) and £6.9m of one-off inflows in the year (recovery from administrators and pension surplus refund). The strength of our balance sheet is reflected in the move to a position of holding Bank Net Cash of £3.3m at year end (FY2024 £11m bank net debt), a watershed in our policy of prudent capital management.

Behind these headline results, newspapers and magazines have followed the established trend of price rises helping to mitigating the impact of volume reductions. The structural decline in printed media remains an ongoing challenge, however, our exclusive distribution contracts, together with the gradual nature of sales reductions, allows us to carefully manage efficiencies that offset the shortfall. This year, our sales and profitability also benefited from our proactive trading in collectable trading cards.

Sales from the three growth verticals in adjacent markets increased by 16% and we continue to carry out extensive trials and to access final mile capabilities. While all stakeholders would no doubt have hoped for greater progress, we remain determined not to make hasty decisions that carry unnecessary risk. As such, we have stayed true to our prudent approach to investment and avoiding potential distraction, while putting in place the systems and infrastructure that will be necessary to scale up operations in future.

Looking to the medium term, the successful agreement of the last remaining of our major publisher contracts ensures our core revenues and operational territories are secured until at least 2029. This provides a solid foundation for us to maintain our profitability and cash flow, while simultaneously leveraging our early morning capability in those markets we have identified as growth opportunities.

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Results this year have been driven by the combination of operational excellence and strong sales in the growing collectables market.

Read more about our business model on page 04

The delivery of operational excellence is key to both these goals, which is why, in FY2024, we confirmed a three-year programme to upgrade our technology and infrastructure. The implementation of new Warehouse Management and Transport Management systems are well underway, projects that will provide us with the real time information flows that are key to a more dynamic capability. Meanwhile, the redesign and refurbishment of our head office will also facilitate more flexible working, bringing together the essential support teams in an agile and cooperative environment.

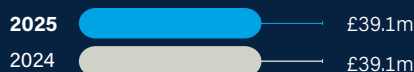
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A solid foundation for us to maintain our profitability and cash flow, while simultaneously leveraging our early morning capability.

Throughout this year’s annual report, we rightly acknowledge our people, emphasising that performance excellence is as much about culture and commitment as any process or workflow. Our colleagues are deeply loyal to the business; they understand that change is necessary and want to actively participate in the decisions that affect their future. It’s therefore no surprise that the lessons we learn from testing and trialling new initiatives are enhanced by their input. Of course, we also need to embrace expertise from outside; this is already reflected in the make-up of the Executive Leadership Team and we would expect a greater diversity of skills experience to filter down the business as we expand our reach into new markets.

Supporting this expansion, without undue risk to the core business model, is perhaps our most pertinent challenge, requiring us to balance careful control with the freedom to explore avenues of opportunity that may not come to fruition. In this regard, the fiscal discipline we have shown in recent years has transformed the financial underpinnings of our business, and it is this hard-won achievement that allows us to follow the twin tracks of our strategy.

Adjusted Operating Profit

£39.1m



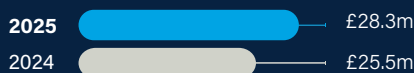
Adjusted Profit after Tax

£27.0m



Statutory Profit after Tax

£28.3m



Adjusted Earnings per Share

11.1p



Free Cash Flow

£36.1m



Average Net Cash/(Debt)

£3.3m



Bank Net Cash/(Debt)

£3.3m



Our position of Net Cash, not only at financial period end, but as a running inter-month average, is in stark contrast to the burden of debt the business previously carried. This is a watershed achievement that has required patience and understanding, particularly from shareholders. But as a consequence, we can be more than ever confident in allocating a proportion of our Free Cash to fund future growth, without compromise to maintaining attractive dividends.

This year, the Board is recommending a final dividend of 3.80p (FY2024: 3.40p) to be paid in February 2026, bringing the total ordinary dividend in the year to 5.55p (FY2024: 5.15p). In recognition of the cash benefit of one-off inflows in the year, the Board is also proposing payment of a further special dividend of 3.0p to be paid alongside the final dividend in February 2026.

I spoke earlier of our colleagues and the critical difference they make. Once again, I would like to pay tribute to their commitment to serving our customers and supporting each other, often working in testing environments. In over five years of visiting our distribution centres and offices I remain as impressed today, as I was on my first encounter. There is no doubt that Smiths News is a remarkable and unique business and that its people are what make it so special.

Before closing, I would like to thank my colleagues on the Board and Executive Leadership Team; their continued support and challenge is a vital catalyst to our progress. In January 2025, Denise Collis stepped down after nine years’ tenure and we welcomed Manju Malhotra who brings fresh perspective and experience that will be vital as we look to expand our horizons. I’d like also to welcome Richard Clay who will shortly be joining us as CFO, replacing Paul Baker who leaves after making a valuable contribution to pursue new opportunities in a different sector.

Finally, I am excited about the year ahead, for I believe the business is better placed than ever to make a step change in its future prospects, while maintaining the strong base performance that we have come to expect from the news wholesaling business. I look forward to reporting on that progress in due course.

David Blackwood

3 November 2025

| CEO report

Delivering strong results today and ensuring we are fit for the future



Jonathan Bunting
CEO

I'm delighted to once again be able to begin this annual review on the foundation of strong financial results alongside making further progress across our longer-term ambitions.

Maintaining the progress we have made is no small endeavour and I'm conscious that every day our people work tirelessly to deliver the quality service that is the bedrock of our success. As a result, we have surpassed market expectations for the year and strengthened both the financial and commercial footings of the business.

Our performance confirms not only that we have maintained profitability, but also that we have stayed true to the model of low debt, attractive dividends and the pursuit of growth opportunities that enhance rather than distract us from our established operations. Furthermore, in concluding the last of our major publisher contracts we have effectively secured our newspaper and magazine revenue streams to the end of the decade. This is an enviable position from which to focus on broadening our market reach.

In my review last year, I spoke of the importance of our refreshed vision and our ambition to consolidate our position as a leading early morning distributor and provider of supply chain solutions.

I spoke too of our purpose and how making a difference to customers today requires more than arriving on time; we also must also provide them with solutions that simplify their day-to-day operations and allow them to focus on what they do best.

All of these goals remain, and indeed we are more than ever convinced that pursuing them is the right direction for Smiths News. Which is why, in FY2025, we took the decision to prioritise investing in capability, ensuring we are ready and able to meet the scale and scope of our ambition. In doing so, we recognised the preparation required could potentially slow our immediate progress, but we also knew, that it was necessary to give us the capacity for longer-term success.

In summary, we have once again exceeded market expectations, delivering pleasing financial results that are the hallmark of our business model. But we have also, without compromise to that performance, thoroughly stress tested our strategic growth targets, and invested in systems, people and physical infrastructure from which we expect to reap benefits over the medium term.

This approach is what we mean by becoming fit for the future and I am confident that it is the right balance of ambition and prudence that will ensure we continue to meet the needs and expectations of all stakeholders.



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We have once again exceeded market expectations, delivering solid financial results that are the hallmark of our business model.

At the heart of our strategy is a recognition that our future business model will be founded on a combination of high drop density, and coincidence of delivery.

In simple terms this means having as short a distance as possible between delivery points, and the capacity to drop or collect as several products and parcels to the same location. This combination reduces unproductive time, leverages marginal costs and builds margin.

The newspaper and magazine market already has many of these characteristics, giving us a strong foundation to build from. In doing so, we are focusing on three growth opportunities: recycling and waste, new complementary categories, and final mile deliveries.

Our 'fit for the future' programme seeks to prepare the business for expansion across these targeted growth opportunities. It touches on all aspects of the business and has four distinct workstreams that will enable us to deliver sustainable returns over time.



Technology is key to expanding our expertise beyond newspapers and magazines. We are already the UK's leading news wholesaler, and indeed a world class player in that space. But it's fair to say that, as a result, our systems and process tend to be focused on those specialisms. It's vital that we develop our capabilities and systems to be more 'product agnostic', with logistics planning and customer service capability to match our wheels on the road. Headline projects include the procurement of new Warehouse Management system and Transport Management system, with initial implementation expected in FY2026. We are also working to enhance technology that will support customer service and assurance for our recycling offer.

The Operational Excellence programme is a comprehensive review of our logistics capabilities, ranging from people to processes. Its goal is to enable our operations to be more agile and responsive, making the complex simple for our customers and suppliers. As with our technology workstream, it's about acquiring expertise that can be applied across all of our target markets. It's also about doing this in a robust way that stands the real-world tests of scale and repetition.

The Customer Centricity programme dovetails with its operational equivalent – indeed, the two are best viewed as a holistic approach to delivering outstanding service. The emphasis here is on enhancing the customer experience, including, for example, the provision of real-time tracking information and expected delivery updates.

Not to be confused with our overarching commitment to people, Workforce Management refers to the planning and control of what is one of our key variable costs. As we increase our involvement in markets such as contracted final mile deliveries, it's vital that we are able to flex and forecast our labour requirements to meet the peaks and troughs of demand while remaining consistently efficient and competitive. This helps our end customers too, ensuring they receive the same high quality service, regardless of factors outside their control.

| KPIs

Once again, we have delivered a strong performance against our stated KPIs, successfully balancing financial and non-financial goals, and ensuring the business is well positioned to maintain overall progress

Delivering for all stakeholders

When measuring our performance, we consider the needs of all our stakeholders, aiming to deliver consistent and reliable financial results without compromise to service excellence, investment that supports future opportunity and support for our people across the business. In pursuit of these goals, the Board set targets that ensure we focus on both our day-to-day responsibilities and promises to customers while also setting challenging goals for the longer term.

Service excellence

Service standards are essential for both daily and long-term success. They support the critical requirements of our supplier contracts and underpin our reputation as industry leader. Strong service KPIs are also essential to the control of costs by avoiding unnecessary duplication.

Consistent results

From a financial perspective, we seek to deliver consistent results that reflect our business model relatively predictable markets. Maintaining a strong balance sheet, we have a stated capital allocation policy that provides attractive returns to our shareholders while simultaneously meeting the investment needs of the business and our people.

Investment goals

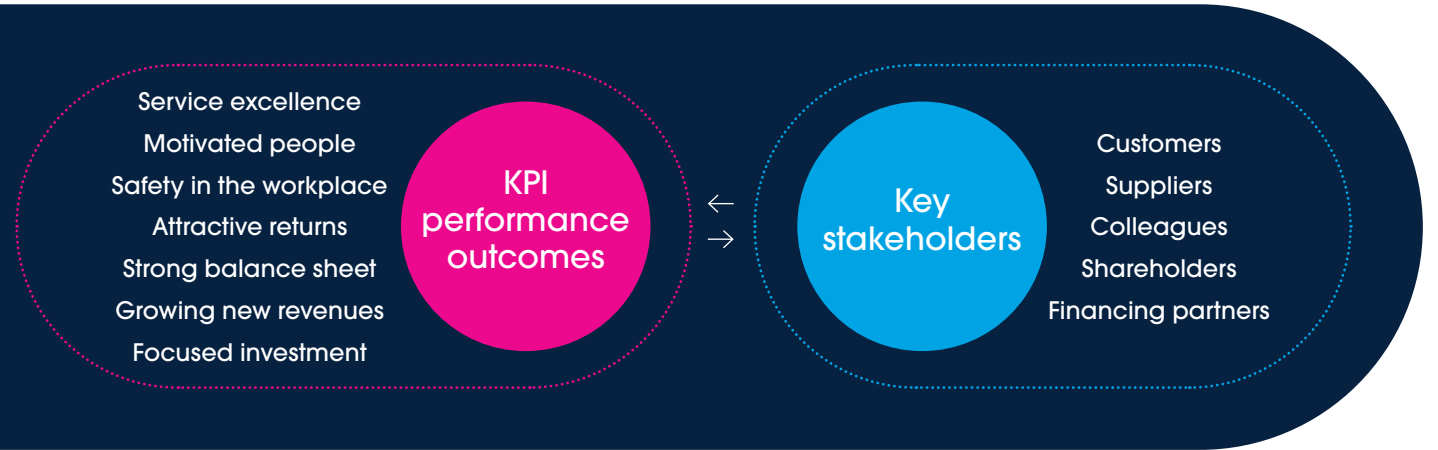
With a strong profit to cash conversion, we allocate spare funds across the needs of all stakeholders. This includes capital expenditure in the established wholesaling operations as well as investment in targeted opportunities across the three growth verticals that fit our skills and capabilities. Our support for new growth markets recognises that more diversified revenue streams are key to strengthening our business model for the future.

Supporting people

Our new Employee Value Proposition (EVP) focuses on our making and keeping a clear promise to all colleagues. As well as offering fair rewards for all, we believe that fostering their skills, experience and expertise, alongside the attraction of new talent, is critical to our long-term success. As such, we fund comprehensive learning and development opportunities that support colleagues throughout their career journeys.



Our financial and non-financial KPIs are designed to unite stakeholders, with a range of measures that balance a strong performance today with the needs of long-term success.



Key Performance Indicators

Our KPIs encompass the most critical measures of the Company's success and future prospects.

The financial KPIs reflect our stated goal of maintaining strong underlying finances, including a prudent approach to debt and the payment of attractive dividends subject to performance and in line with our capital allocation policy.

Non-financial KPIs reflect the key performance measures of our service to customers and industry partners. In addition, we include measures that give attention and visibility to workplace safety, colleague engagement and customer satisfaction.

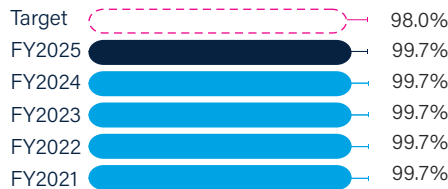
An analysis of the Company's financial and non-financial performance, including discussion and explanations of year-on-year movements, can be found in the various sections of the Strategic Report on pages 02 to 73.

Non-financial KPIs

Our focus on operational excellence is reflected in the challenging targets we set for our most critical non-financial metrics. It is therefore pleasing to report a continued strong overall performance, with the business exceeding or achieving target against all but two metrics and delivering year-on-year improvement in eight of the nine measures. This progress is testament to our industry expertise, commitment to service and culture of continual improvement. While it is also pleasing to record a further progress in Health and Safety, we would caution that with so few serious cases, small differences, and even single incidents, could potentially result in a large statistical swing (positive or negative) in the future.

Customer Pack Accuracy %

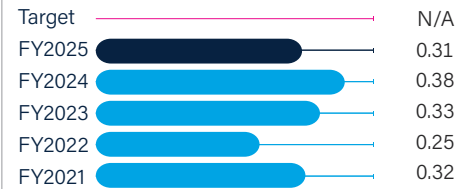
99.7%



Pack accuracy ensures customer supplies and invoicing are aligned, minimising queries and administrative corrections.

Health and Safety (Lost time incidents per 100k hours) No.

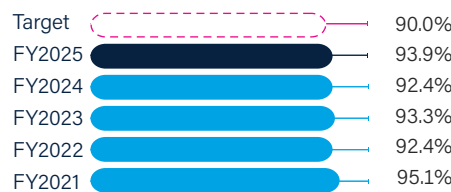
0.31



We measure 'lost time incidents' as the most comprehensive and accurate capture of reportable occurrences that impact our operations. By measuring these as a percentage of operating hours, we can benchmark to other organisations and allow for growth or contraction of our activities.

Required Delivery Time %

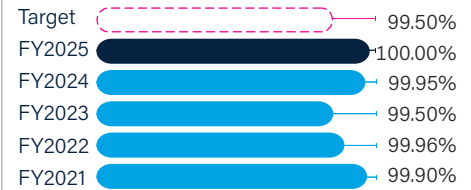
93.9%



Arrival at the scheduled time is a key service measure for customers and publishers and aligns to our contractual obligations.

Returns Processing Accuracy %

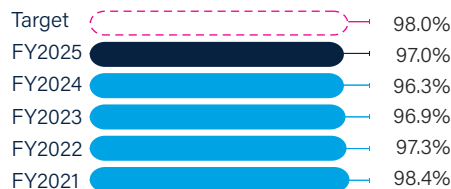
100%



Unsold copies are credited to customers, so accuracy is vital for credits and invoicing to both retailers and publishers.

Returns Collections %

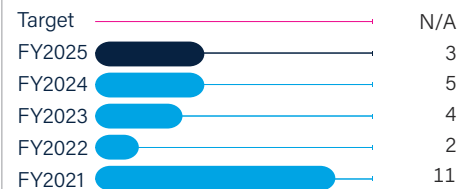
97.0%



Daily returns collections ensure that sales data (supplies minus returns) is processed within tight time windows, supporting sales forecasting and accurate invoicing.

Health and Safety (RIDDORs) No.

3



We monitor RIDDORs to learn from every major incident, ensuring we take action to reduce the possibility of recurrence.

KPIs continued

Non-financial KPIs

Colleague Engagement (Net promoter score)*

64%



The engagement of colleagues underpins performance at every level of the business. We survey colleagues regularly and consider their feedback carefully; colleagues also play an active role in implementing change and driving new initiatives that enhance their contribution to our success.

Customer Satisfaction (Net promoter score)

33



Surveying a statistically representative selection of 300 customers every month, we track our service performance across a range of factors to ensure quality, accuracy and timeliness of deliveries. The net promoter score is an annual average of the overall headline indicator.

Financial KPIs

Total Statutory Revenue

£1,064.0m



Statutory revenue measures the extent to which core sales and other revenues are within our planning assumptions and longer-term strategic forecasts.

Statutory Profit after Tax

£28.3m



Statutory profit after tax measures the absolute profitability of continuing operations after any disposals.

Free Cash Flow

£36.1m



Free cash flow measures the cash available to the business, which can be used for investments, dividends and the reduction of debt.

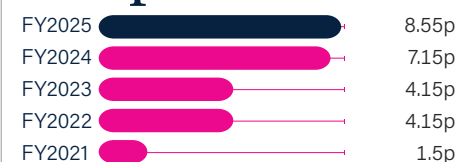


Adjusted Operating Profit**£39.1m**

Adjusted operating profit is defined as operating profit from continuing operations, excluding the impact of adjusting items (defined above). This is the headline measure of the Company's performance and is the key management incentive metric.

Adjusted Profit after Tax**£27.0m**

Adjusted profit after tax measures the profitability of the Company, excluding significant and non-recurring one-off costs, including those not related to the Company's ordinary activities.

Dividend per Share**8.55p**

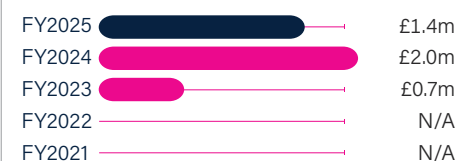
Dividend per share measures the profit per share of the Company and is used by investors when comparing performance to other similar businesses. The total dividend per share for the years FY2025 and FY2024 include both the ordinary dividends for the respective years, and additional special dividends of 3.0 pence per share in FY2025 and 2.0 pence per share in FY2024.

Statutory Earnings per Share**11.7p**

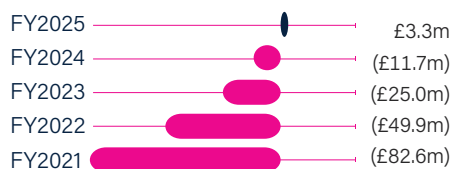
Statutory Earnings per share measures the profit per share of the Company and is used by investors when comparing performance to other similar businesses.

Adjusted Earnings per Share**11.1p**

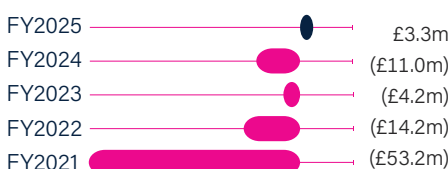
Adjusted earnings per share measures the profit per share of the Company, excluding the same adjusted items as in Adjusted Profit Before Tax.

Profit from the three growth verticals**£1.4m**

In recognition of the need to diversify and explore new revenue opportunities within our core markets and other adjacent categories, this financial KPI was introduced from FY2024 to represent the profit generated from growth and diversified activities. This measure has also been introduced within our in-flight LTIP awards, further details of which can be found in the Directors' Remuneration Report on page 106.

Average Bank Net Cash/(Debt)**£3.3m**

Average Bank Net Cash/(Debt) impacts the level of interest we pay and is the measure which most accurately reflects the ongoing borrowing of the Company as it removes the potentially misrepresentative influence of period end variations caused by publisher and retailer payment schedules.

Bank Net Cash/(Debt)**£3.3m**

Bank Net Cash/(Debt) impacts the level of interest we pay and is a covenant measure of our financing agreements.

The performance to our financial KPIs is reviewed in greater detail in the [Financial Review on page 61](#)

| Operations

Delivering excellence

More than early mornings.

At Smiths News we not only specialise in early morning delivery, we aim to do so while meeting the highest standards of accuracy, on-time delivery and supporting information flows. The continual pursuit of this premium offer is what we mean by delivering excellence, and we are applying its principles not only to our established markets but to all our targeted growth opportunities.

Delivering Excellence is therefore a holistic approach to delivering unmatched value for our customers, while simultaneously seeking improvements in quality and efficiency. At its heart is the recognition that there is no silver bullet to sustainable progress. Rather, we must seek to find improvements (be they material change or marginal gain) at every stage of the process and from the perspectives of all stakeholders.

While the requirements of newspapers and magazines continue to underpin our distribution network, the principles of Delivering Excellence can be applied more broadly. In practice, as we expand the scope of our operations, we are learning what aspects of our current offer already fits, what could be improved and what needs to change or is missing.

In summary, Delivering Excellence demands that we push the boundaries of the status quo so that we serve our customers better today and in the future.



A culture of excellence

Meeting the future needs of our customers requires continual improvement that's founded on transparency, trust and fresh thinking.

The Operational Excellence programme pursues these goals through the application of five management principles. These are now the foundation of our approach to delivering for our customers every day.

Leadership Commitment

We set clear goals and expectations, provide support to achieve them, and lead by example in the drive for ever-improving standards.

Right First Time

We aim to get it right first time, building quality assurance into our process flows to avoid creating or passing on poor standards. We take a 'no blame' approach to solving service issues that encourages transparency and celebrates problem solving rather than focusing on failure.

Standardised Processes

We standardise our operations wherever possible, helping us to reduce variation, improve consistency and promote efficiency for all stakeholders.

Visual Management

We seek to reveal problems at source, inspiring improvement, enabling change and delivering solutions that are founded on real-world experience.

Go-See-Do

We are deeply curious about our performance, understanding what works well and how it might be improved. Turning observation into action, we work to find practical and sustainable solutions.

“

Delighting customers is what we set out to do every day – and to sustain that goal, we must continually improve, learning from our successes as well as our mistakes. In that sense, progress is as much about culture as it is about process and technology. Indeed, the elements work hand in hand to meet the standards our customers expect today as well as ensuring we are fit for the future.



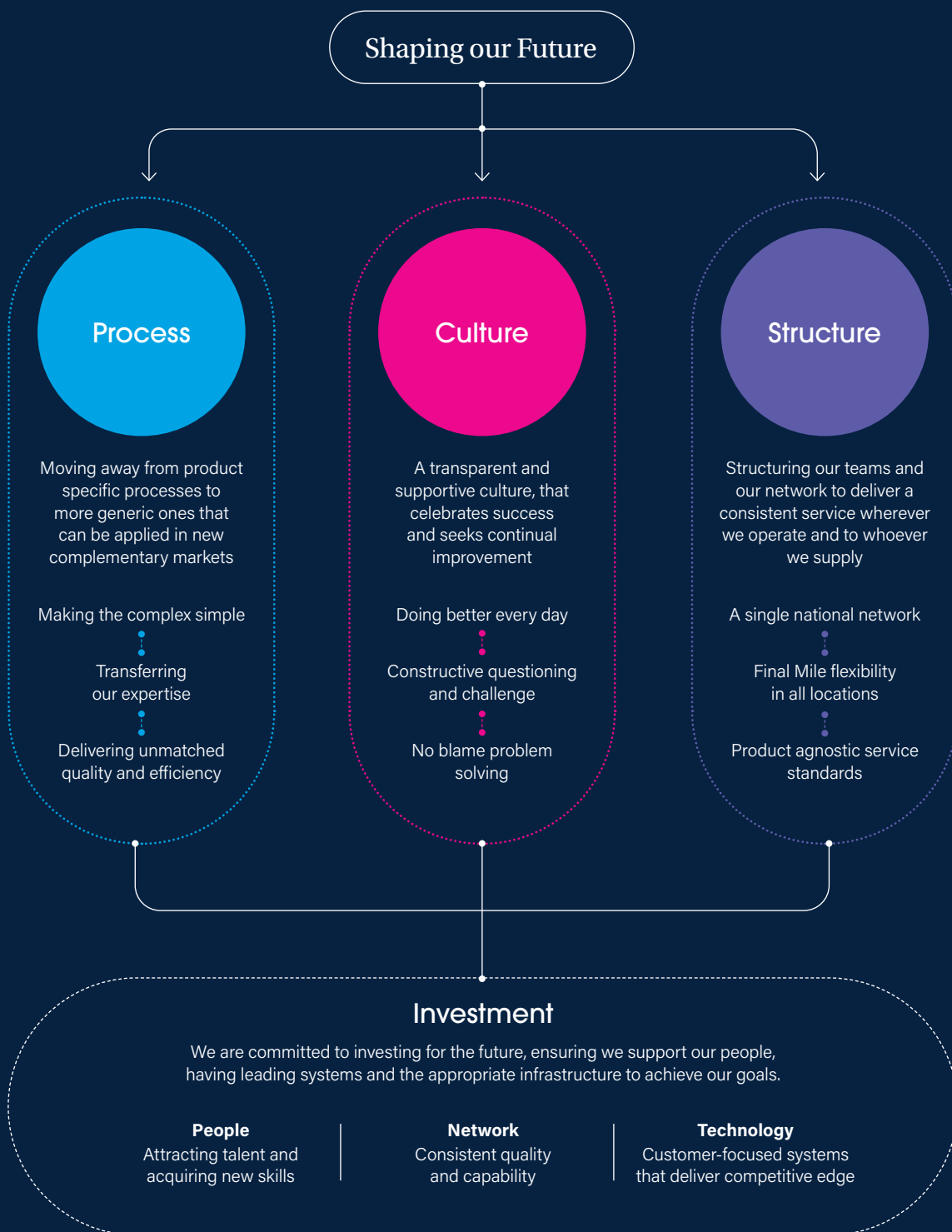
Lucy Robertson
Head of Operations

Embracing Change

Embracing change and evolving our business is fundamental to Smiths News' operational progress. In particular, the pursuit of new customers, new products and new markets, will require us to be more agile and enterprising, not just experts at what we already do well.

That's why our 'fit for the future' programme, while underpinned by a commitment to the necessary investment, also recognises that the journey to serving a broader customer base requires more than financial backing.

We are committed to transforming our business to meet these needs, acquiring the additional expertise we need and working to a culture that embraces change and rewards those who work to our vision and values.



Operations continued



Investment in capability

As the market leader in newspaper and magazine distribution, it's no surprise that we have integrated technology across our processes and systems. But as we move into new markets, the highly-specialised nature of those systems can sometimes limit our capability to diversify. That's why we're supplementing our current infrastructure, with new Warehouse Management (WMS) and Transport Management (TMS) systems.

This investment represents a significant shift from a category-centric approach, to a more 'product agnostic' framework. These new systems will provide an integrated technology framework from which to support our growth ambitions.

Importantly, these systems are highly scalable and can be configured to meet our variable needs and growing demand. When fully deployed, they will provide us with the materially improved visibility and control of resources that's key to our long-term goals.

Here we explain a little about each system, and how each will enhance our capability to deliver for customers.

Warehouse Management System

The installation of WMS provides a robust solution to the management of inventory and marries this to the efficient preparation of customer orders. Its overarching purpose is to calculate the most accurate, efficient and speedy way to prepare orders for despatch. The system will operate in the real world, using the resources we have to hand rather than theoretic configurations and algorithms.

In practice, WMS will allow us to better manage new categories, many of which have different challenges to the acknowledged complexities of magazines. Examples include, confectionery, drinks, books and DVDs, cards and toys... a whole spectrum of products that we can service in terms of physical distribution, but which require the systems to ensure we do so at a consistently high standard throughout the network.

WMS will also promote efficiency by removing the need for time consuming manual processes. Already, our trials are showing cost reductions driven by improvements in accuracy and the reduction of the need for expensive corrections.

Transport Management

TMS is primarily concerned with what happens after deliveries leave our depots – its focus is on the quality and efficiency of the product journey between despatch and receipt by the customer. As such, TMS brings together route planning, scanning and tracking, and the provision of real-time information for all involved in the supply chain. Its deployment will provide greater flexibility, improve customer experience and reduce dependency on systems that were primarily designed for the unique needs of magazines.

As with WMS, when TMS is fully deployed (with initial implementation expected in Spring 2026), it will give us the capability to scale up new products and services using standardised processes. And because its information will flow through the supply chain, customers will be able to track deliveries in real time, request collections and be assured of any changes to scheduled arrivals. This is particularly important for contracted final mile deliveries but is equally applicable to recycling and indeed any time sensitive services.

On track and on budget

The investment in WMS and TMS is a key enabler in our growth ambitions, so it's pleasing to be able to report that both programmes are running on time and on budget. WMS is now active in our Hemel Hempstead distribution centre and initial implementation of TMS is expected in Spring 2026. Meanwhile, our colleagues are testing the systems and providing vital feedback on how configuration might be improved and their implementation made as simple as possible.

“
We've been using the new WMS for four months now. It's transformed how we work and made life so much easier – there's been a lot to take on board, but I'd not want to go back!”

Trial location supervisor

Safety Always – maintaining a culture of excellence

A commitment to safety goes hand-in-hand with delivering excellence. And Smiths News has a strong record of performance, with levels of accidents below industry norms and FY2025 showing further year-on-year reductions in key metrics.

The business is accredited by the British Standards Institution to ISO 45001, and more generally, we promote a culture of Safety Always, providing our people with the tools and techniques to identify and address the root causes of potential accidents.

In maintaining excellence from a safety perspective, we take much the same approach as we do in driving operational delivery. Chris Wright, Head of Safety and Risk at Smiths News, explains, “Leading performance is as much about culture as it is processes – indeed both are vital, for they cannot function properly without each other.” As such, we underpin our reporting systems with a blame-free culture in which colleagues feel able to make constructive suggestions and in-the-moment observations.

Chris adds, “Our people are the eyes and ears of safety on the ground. That’s why we encourage and even celebrate an environment where colleagues work as a team, looking out for each other, and drawing on their real-world experience to highlight new or previously unforeseen risks.” This approach also explains why safety is integral in our Operational Excellence programme, running like a spine through all the workstreams, rather than being a standalone consideration.

Looking ahead, we recognise that our plans for growth and increased market reach will potentially carry new risks, and we are therefore taking appropriate pre-emptory action. The growth of Recycling and Waste is a tangible example of new operations that we are actively reviewing in tandem with our expansion ambitions. This year we have introduced new paperless systems that improve the speed and scope of recording of incidents, and we have backed these with refreshed procedure-driven rules. More broadly, using a four Cs approach (Concern, Cause, Containment, Counter-measure) we are continually reviewing processes as new activities are taken on board.

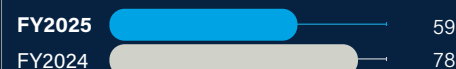
Safety Always means that maintaining excellence is never a fixed destination. As we grow and diversify our operations our approach is unambiguous – we will work tirelessly to maintain the high standards that have characterised our news wholesaling operations for many years. It’s a constant learning journey, but one that our people are proud to embrace and lead the way.

“*Our people are the eyes and ears of safety on the ground. That’s why we encourage and even celebrate an environment where colleagues work as a team, looking out for each other, and drawing on their real world experience to highlight new or previously unforeseen risks.*”

Safety Always – Highlights FY2025

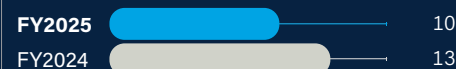
24%

Reduction in accidents



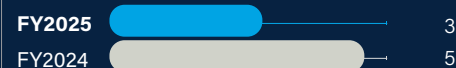
23%

Reduction in lost time injuries



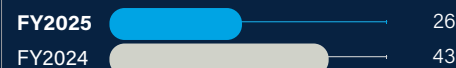
40%

Reduction in RIDDOR



40%

Reduction in forklift incidents



52%

Reduction in in motor vehicle incidents



Operations continued

Creating an agile office environment

The refurbishment of our head office in Swindon provided an opportunity to rethink the way we work together, creating an office environment that reflects the agile and cooperative culture we strive for. Critical to supporting the whole business, our Swindon office is 'home' to several central teams that include Information Technology, Human Resources, Finance, Site Services, New Business, and more.

Simon Meyer, Services Director, explained the thinking behind the redesign. "Swindon is the strategic heart of the business, so we wanted an environment that encourages agile and cross-functional working. We also needed to reflect the changes in working patterns over recent years, with meeting spaces and technology to support a more flexible approach to office use."

Using design specialists, we now have a modern and flexible space that encourages colleagues to work together and share expertise. As well as workstations and meeting spaces with leading communications and AV technology, the office has several training and meeting rooms for more formal gatherings.

Feedback from colleagues has been overwhelmingly positive, with an impact too on social interaction and pride in the workplace. Simon adds, 'In the aftermath of the Covid-19 pandemic, we perhaps lost some of the less tangible benefits of our offices – it's great to see that back with colleagues working and socialising together in a creative and aspirational environment'.

Case Study

Hemel Hempstead

Trialling at our Hemel Hempstead distribution hub, this year we installed the latest Personal Proximity Sensor Systems to our Forklift Truck operations.

The installation was backed with specific training and awareness activity for drivers and colleagues. Hemel, as one of our largest physical locations, with a growing recycling operation, was the ideal site to test suitability. Applying the lessons learned we are in the process of rolling out the improvements to other appropriate locations in FY2026.



Adjacent businesses

Adding value through specialist support

In addition to daily deliveries, our adjacent businesses provide specialist support for retailers, publishers and other suppliers, adding value to our wholesale offer by tapping into our category expertise and access to key markets.

A long-established part of our overall service, our adjacent businesses are highly regarded by their customers with a reputation for client-focused delivery. Furthermore, they are firmly attached to our vision and purpose in making customers' lives easier, helping to increase their profitability and supporting end-to-end supply chain solutions.

“
A long-established part of our overall service our adjacent businesses are highly regarded by their customers with a reputation for client focused delivery.”

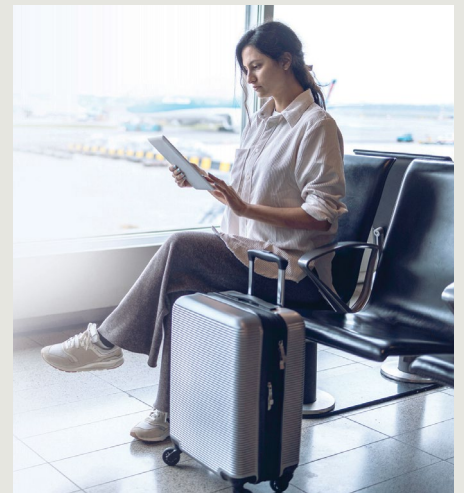
**IN
STORE**

Instore

Instore works with retailers, suppliers and publishers, providing field-based merchandising and instore marketing and compliance solutions. A specialist in the newspaper and magazine category, Instore also has growing expertise in supporting a broader range of categories, including greetings cards, confectionery, books, DVDs, collectables and other express products.

In addition to traditional field marketing, Instore provides a promotional compliance and sales reporting service, backed by a speedy access to results and information. Working closely with our wholesale colleagues, Instore also has a strong reputation for driving sales of the growing collectables market that includes stickers and trading cards.

Operating across the UK, key customers include, TG Jones, Sainsbury's, Tesco, Lidl, Morrisons, B&M and Home Bargains. Supplier clients include leading national publishers, confectionery brands, stationery, greeting cards and health and beauty suppliers.



DMD

DMD specialises in the supply and placement of newspapers, magazines and digital media to travel hubs and airlines in the UK and worldwide. These include international airports and rail terminals, airside lounges, and the supply of on-board copies for sale or complimentary distribution.

Drawing on over 35 years' experience, DMD offers a comprehensive supply chain solution, ensuring access to these high value locations and target audiences. Making life easy for customers our teams manage the entire process, from content sourcing and delivery to central invoicing across territories and media formats in one seamless service

With operations in 20 countries (either supply direct or using carefully chosen local partners), our clients include a wide range of international publishers as well as leading airlines and travel operators, including Emirates and Thai Airways, Eurostar, and major UK airports such as Heathrow and Gatwick.

Collectables

Collectables delivering growth and value

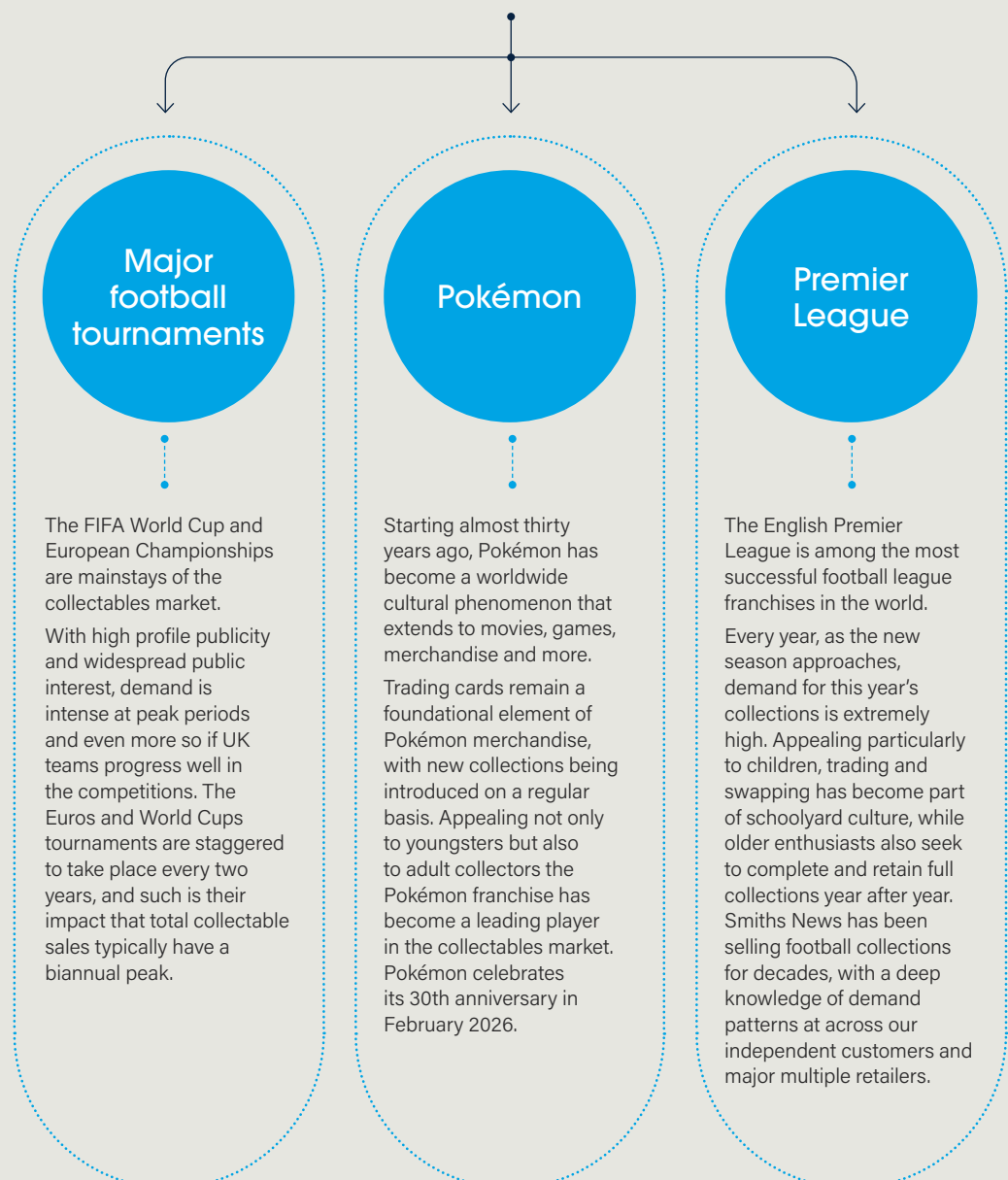
Collectables are a growing and valuable category that aligns ideally to the distribution and customer profile of Smiths News.

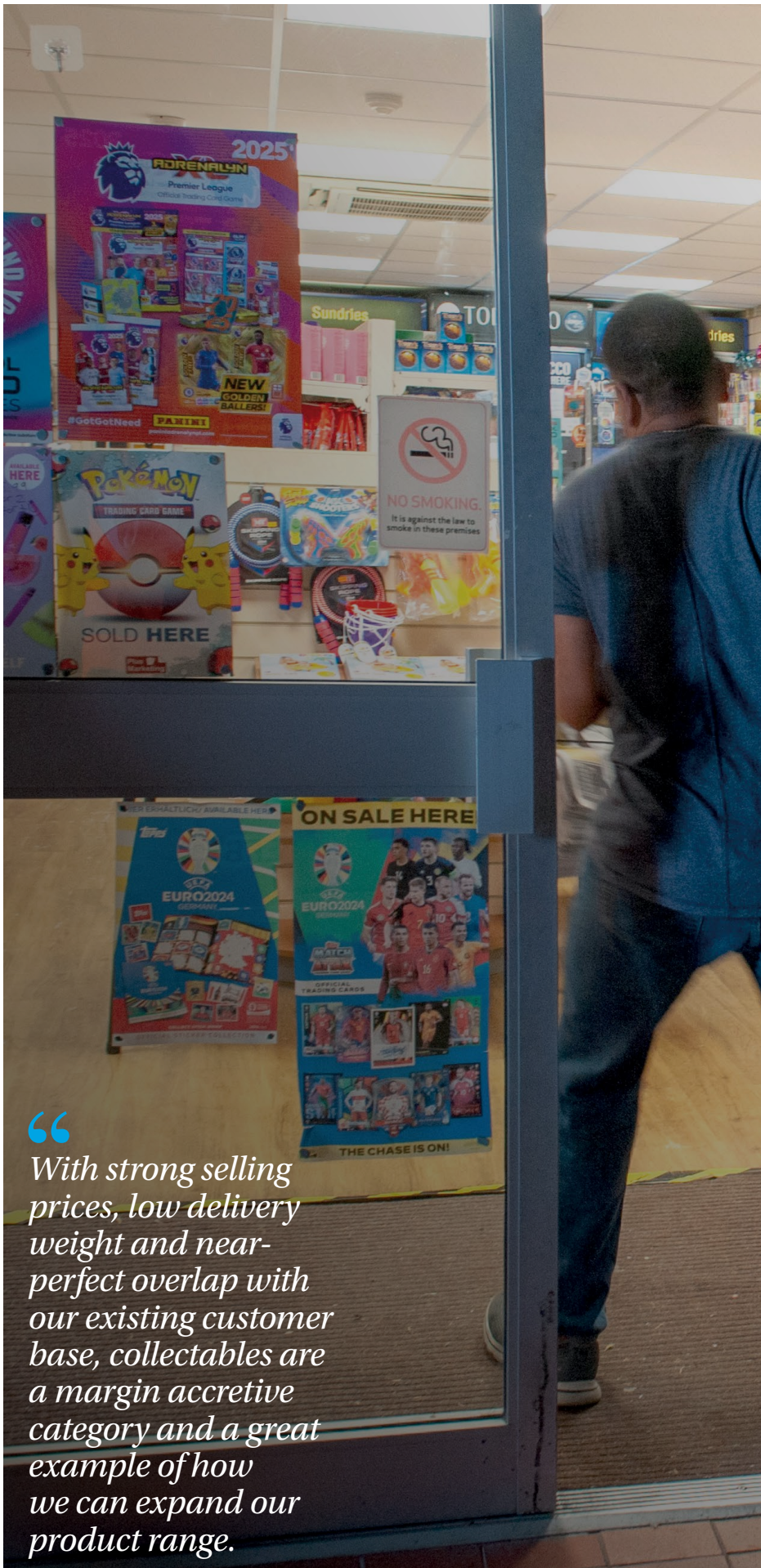
Comprising trading cards, stickers and collectable figurines, demand is typically driven by the English Premier League and UEFA Champions League as well as franchised collections such as Pokémon and major sporting events including major football championships. Collectable figurines are a growing sector with brands such as Superthings and Piratix gaining momentum.

With strong selling prices, low delivery weight and near-perfect overlap with our existing customer base, collectables are a margin accretive category and a great example of how we can expand our product range with products that are complementary to newspapers and magazines.

Serving the collectables market efficiently, requires the ability to forecast effectively, ensuring maximum availability at peak periods. Using a combination of historic and real time sales data, Smiths News is well placed to manage these complex sales patterns giving us a competitive edge in serving this market. Sales trends can fluctuate significantly by area, season and collection, so being agile and able to swiftly replenish or resell unsold stock at outlets where demand is highest, ensures optimum returns.

Collectables key product lines





“
 With strong selling prices, low delivery weight and near-perfect overlap with our existing customer base, collectables are a margin accretive category and a great example of how we can expand our product range.

Collectables in numbers

Total revenue FY2025

£41.8m

Revenue growth

17.0%

1 year

56%

3 years

Number of major collections FY2025

182

product lines

Average selling Price

£2.45

Best sellers FY2025

Pokémon
 Premier League
 UEFA Champions League
 UEFA Women's Euro 25
 Piratix Shark figurines
 I Love series of figurines

People

Our People – making a difference every day

At Smiths News we know that our people are what make the difference every day.

From frontline delivery to back office functions our teams work to deliver the exceptional service our customers expect. And without doubt, it's the collective depth and diversity of their experience that give us our competitive edge. Which is why we are determined to ensure that everyone feels supported and can be at their best in the workplace.

With just under 1,400 colleagues across the country we manage a wide range of circumstances, needs, and aspirations. In doing so, we make clear promises that are founded on listening to our colleagues and understanding what they want from the business. These assurances apply at all levels and locations, meaning we treat everyone fairly and that information and opportunity are available to all.

Collectively, the commitments are what's known as our Employee Value Proposition (EVP), but less formally, we simply call it, being 'as good as our word'.

As Good as our Word

Our 'as good as our word' EVP was developed from research with colleagues and ongoing feedback that ensures we adapt to their aspirations in parallel with the commercial needs of the business. With a heritage that's built of decades of industry leadership, it's perhaps no surprise that we consistently hear the same theme across our locations:

Pride – our people are proud of the difference they make and are loyal to the business and each other.

Trust – mutual support is vital to our workplace culture and the delivery of objectives.

Opportunity – colleagues know that change brings challenges, but they also see opportunity for career development and personal growth.

Involvement – our people want to be involved in the decisions that affect them and the future of the business they care deeply about.

From these themes we have developed four pillars that define our approach to people in the workplace. Together with our values, they shape the way we work and provide a clear framework for job satisfaction, fair reward and career progression.



Engagement

At Smiths News we work as team to deliver for all stakeholders. That's why we conduct regular engagement surveys and act on the feedback we receive. We also go to considerable lengths to communicate strategy and performance, with all-colleague town hall-style meetings, video recordings, a vibrant intranet and regular Q&A sessions. Importantly, we encourage colleagues to participate in our channels and network groups, so that the communication is a two-way conversation rather than merely top-down messaging. It's all part of tapping into the collective experience and expertise that makes Smiths News a special place to work.

In FY2025, our engagement surveys had a participation rate of 85%, with a score of 64% and over 2,000 comments received. This is an encouraging result with increases in the number of colleagues who would recommend Smiths News as a great place to work and colleagues agreeing they have the training and development they need to do their job well. We've also received strong positive feedback on the refurbishments of distribution locations and our head office.

Supportive workplace

We are committed to ensuring a friendly and supportive workplace that recognises effort, shares success and gives everyone the opportunity to be the best they can be. From warehouse to head office, we want every role to be as good as we say it is, with clear objectives, regular reviews and the opportunity to have your say on potential improvements.

This commitment extends to the culture and friendships that are formed at work. It's why we encourage colleagues to be involved in their communities through fundraising or volunteering. We aim to support personal needs with flexible working whenever we can, and have policies to support life events such as maternity, paternity, neonatal care, adoption and shared parental leave.

Our teams are characterised by pride, passion, loyalty and care. Regular engagement surveys help us to tap into this rich resource, surfacing any emerging issues and concerns, as well as highlighting opportunities and successes to share with others.

Fair reward and Freedom of Association

We aim to provide a competitive reward package at all levels. Alongside a fair salary, we provide a pension scheme and access to a range of benefits that add value and support colleagues in times of need. These include the popular share save scheme, company-funded health cash plan, cycle to work and attractive car salary exchange. Colleagues have the right to join a union.

We also recognise that there are times when colleagues may need extra support. In addition to flexible working we offer advice on financial wellbeing and over the past five years have provided a confidential financial fund for the most difficult of times. This fund is now closed to future application, but colleagues have access to support through our relationship with industry charity NewstrAID.

Career development

We actively invest in career development, ensuring every colleague has access to opportunities to grow and progress. And we recognise that not only do people learn in different ways, but that pace and circumstances can be important too.

Our role-based training is designed so that colleagues feel confident and capable in their fulfilling responsibilities. This is then enhanced with additional development opportunities for those who want to take their careers further. We offer a full range of apprenticeships and have wide selection of development programmes that include Trusted Leadership, Operational Excellence and Change Management, to name but a few.

Inclusive learning is key to our commitment. We make sure every colleague has access to an experience that is respectful, inclusive and free of barriers – anticipating diverse needs and preferences. Our online MyLearning platform helps ensure that opportunities are available to all, with a range of courses and modules that can fit in with busy lifestyles and workplace pressures. Colleagues can choose from face-to-face workshops, e-learning courses and toolkits to help improve performance and prepare them for the next step on their career ladder.

Colleague involvement

We are committed to involving and listening to colleagues, giving them a voice in how the business is run today and our plans for the future.

To do this, we first provide colleagues with information on company performance and hold regular town hall all-colleague meetings to explain and discuss developments. Our intranet is a vibrant and up to date source of news and information and we supplement this with an electronic newsletter that is also printed newsletter, for those who have limited access to online facilities.

Giving colleagues an active voice, we then facilitate a series of networking groups that are representative of our workforce and reflect their issues and concerns as well as the needs of the business. The forum representatives are encouraged to give open and constructive feedback so that we learn from their day-to-day experience of working at Smiths News.

The network group discussions are reported to the Executive Leadership Team, Sustainability Steering Group and ultimately the Company's Board of Directors (see page 40 for a Q & A with Michael Holt, Non-Executive Director with responsibility for employee engagement). These are supplemented by our regular 'What Matters' colleague survey that covers a comprehensive range of best practice engagement indicators.

It's all part of a culture that recognises the embedded expertise of our people is our most valuable asset. Their insights help us make meaningful, positive changes to the workplace in a way that delivers sustainable results for all our stakeholders.



People continued

Our colleague network groups



Everyone In

This is our flagship forum that connects the supporting network group leaders with colleagues from a variety of representative locations and shift patterns. It's an open and supportive forum where we share plans for the future, discuss insights and constructively collaborate to improve our workplace and its practices.



Minds Matter

This forum is focused on raising awareness and changing negative perceptions of mental wellbeing – creating an environment where colleagues can feel secure in reaching out for support. The forum works to improve knowledge of mental health issues, including how to support yourself and others in the workplace and beyond.



Beyond Barriers

This forum champions accessibility and understanding of colleagues with particular challenges, enabling every colleague to fulfil their potential. They come together as a supportive community, to raise awareness and to be a catalyst for positive change, helping Smiths News become a Disability and Carer confident employer.



Pride News Network

Our Pride forum members celebrate and nurture our LGBTQ+ community, fostering a safe, friendly and inclusive workplace for all. They aim to provide education, enhance representation, and be a voice for diversity and cultural change.



Women In News

This forum was established by colleagues for colleagues. It holds monthly meetings that help inform and consult on relevant Company policies and guidelines. The leading forum members also mentor and coach women looking to advance their careers. We are proud of the progress we have made and committed to supporting full and fair access to opportunities for women in our business and the wider logistics industry.



We Care

Launched in September 2024 We Care is our charity and community forum. It works to ensure Smiths News has a positive impact on its local communities by supporting charities and community groups. The forum also manages all charitable requests, including colleague matched-funding and volunteering requests.



RISE

Launching in October 2025, RISE is a new network group focusing on Race, Identity, Support and Empowerment that promotes equal opportunities and representation for people of colour at Smiths News. The RISE network aims to empower and support colleagues through conversations around race, identity and wellbeing.

Talent and Development

With around c.1,400 colleagues we have a vast pool of talent to draw on – and to take further. From the warehouse floor to strategic management, we set out to support learning and development with tailored programmes and professional qualifications. For example, our trusted leadership programme helps ensure a consistent culture of appropriate leadership and people skills throughout the business. In FY2025, 26 colleagues completed the programme, with a further ten still working through its modules.

Other development activity includes workshops, expert sessions, coaching, mental health training, discovery workshops, and more. And for those starting out on a committed career pathway, our apprenticeship programme provides wide range of experience and development opportunities – 17 colleagues participated in FY2025.

Supplementing face-to-face training, our online learning portal provides a range of self-directed courses and development opportunities in FY2025, 587 modules were completed by colleagues.

Talent reviews are an equally vital part of our learning and development culture. At all levels and locations, we set out to identify and support those with the ability and ambition to go further. This ensures we not only have a pipeline of appropriate skills and capabilities, but also that we identify future needs driven by changes in the business environment, technology and new growth opportunities.

SmithsZone

SmithsZone is our in-house intranet. Accessible to all colleagues it provides a comprehensive range of information, including company news, performance updates, colleague activities and colleague network group progress. There's also information and easy-to-use links to workplace benefits, training and development and career opportunities. More than the sum of its parts, SmithsZone is an active and vibrant hub that keeps everyone up to date, connecting all colleagues to the network of opportunities that is Smiths News.



Pass it on

Helping rough sleepers in all seasons

Having started as an in-house initiative, Smiths News is proud to be the primary sponsor of Pass It On, and pleased that the charity continues to grow by making a difference to people in need.

Pass It On focuses on immediate and tangible support to those struggling across our towns and cities at a time when rough sleeping has been on the rise throughout the UK. Over the last year we've seen greater outreach than ever before, with the charity's largest seasonal campaigns each providing hundreds of care packages to those living on our streets. These packages typically vary from warm dry thermals in winter, to sunscreen and sanitary products in summer.

A particular success from this year was partnering with charities, ShowerBox and Let's Feed Brum in an initiative known as 'Birmingham Activation'. Working together, we created a street event that offered rough sleepers the opportunity to have a warm shower, a package of essential toiletries and a free nutritious breakfast. Initiatives like these provide vital support to homeless people, for whom access to clean and safe washing facilities with appropriate toiletries can be extremely difficult. Our summer campaign in Birmingham also included a free-to-access hairdressing day that was well attended and points the way to future opportunities and new ways of providing tangible support.

Looking ahead, Smiths News will be working with Pass It On to expand its partnerships, helping create more outreach programmes along the lines of the Birmingham Activation. We expect this winter's campaign to be the largest ever.

Smiths News and Pass It On would like to thank all the fantastic volunteers who have dedicated their time to making a difference. Their efforts reflect the care and empathy that's fundamental to our values, both as individuals and as a business.



Did you know?

According to official statistics, homelessness is up 20% compared to as recently as 2024, with approximately 1,500 individuals dying on the streets each year.

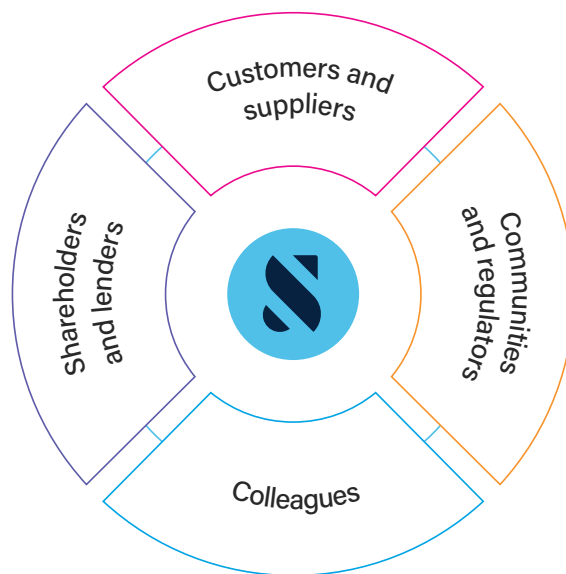
Stakeholder engagement and S172 Statement

Delivering for all our stakeholders

This section of the Strategic Report, and the pages to which it refers, comprise the Company's section 172(1) statement and explain how the Directors have engaged with our stakeholders during the year and how the Board has had regard to the outcomes of these engagements when making significant decisions as well as developing future strategies, policies and performance measures.

When making decisions for the Company the Directors understand the need to consider the views of relevant and impacted parties, and that it may be necessary to take account of differing views and balance these across any competing interests. The Board strives to balance competing interests in a fair and transparent manner in the best interests of the Company as a whole, having regard for the realisation that conflicting positions may exist between the long-term and short-term interests of the Company, between groups of shareholders with different investment criteria and agendas, between colleagues, or even between any of the foregoing and the wider commercial, environmental, societal or local community standpoints. This requires the Board to balance any competing interests and to take account of the various views or positions when making decisions, while remaining mindful of the need, at all times, to ensure the long-term sustainable success of the Company and to generate value for shareholders, while contributing to wider society. The Board considers both existing and emerging risks associated with each stakeholder group as part of the risk management process (see the Risk Management Report on page 67). The engagement with stakeholders, including the methods used, decisions taken, impact on our business as well as how the Board has exercised its oversight are summarised in this report.

Who are our stakeholders?



Shareholders and lenders

As at the end of the financial year, just over 65% of our issued shares are held by ten shareholders.

Our primary banking agreements are held with a syndicate of two lenders, who have each been lenders to the Company for more than eight years.

Customers and suppliers

Our suppliers are made up of the national publishers/distributors in the United Kingdom as well as a significant proportion of regional publishers across our territories through long-term contracts.

Customers include approximately 21,800 news outlets, ranging from large supermarkets to high street retailers and independent stores.

Our business model incorporates c.640 self-employed distribution subcontractors who are engaged to provide services to support our operations and deliver daily to our customers.

In addition to our newspaper and magazine publisher suppliers, we have a further network of suppliers who provide assorted goods and services to the Company.

Communities and regulators

We provide availability of newspapers and magazines to thousands of local communities across the UK, representing a 55% market share.

We support the print sector through its NewstrAID charity. Smiths News also remains the anchor sponsor of 'Pass It On', the registered charity first started by the Company in 2017 which helps to address the issues and challenges of homelessness within the UK.

We engage with various regulatory bodies across the supply chain to ensure we comply with our regulatory and legislative obligations.

Colleagues

We have just under 1,400 colleagues operating from sites in England and Wales. In addition, we have c.150 outsourced colleagues based at two sites in Noida and Pune (India) providing staffing at the Shared Service Centre (SSC).

Section 172 Duties of the Board

Various means of engagement are conducted with stakeholders by both the Board and the Executive Leadership Team, with the outcomes discussed together, ensuring a common understanding of the feedback received and the position of all stakeholders. The focus of these engagements is directed to those stakeholders potentially impacted by impending decisions of the Board, with all Directors displaying an unwavering commitment to their primary duty to act in good faith and in a way which is likely to promote the success of the Company and is to the benefit of shareholders as a whole. The Board takes responsibility for the long-term success of the Company which includes determining, promoting and monitoring the Company's culture, values and strategy, as well as seeking to ensure that by discharging this responsibility all stakeholders are impacted positively. The Board has determined as significant those issues relating to strategy, transformation, diversification, corporate development and capital allocation, each of which thereby warrant specific consideration.

That said, the Board remains cognisant of the fact that other issues may be considered as equal priorities by key stakeholder groups and therefore these other areas so identified from time to time may equally be included in the Board's deliberations and decision-making processes.

Information is received by the Board through a number of engagement processes, thus enabling the Board to determine relevant issues which may arise from our key stakeholders. In the tables below we have set out both the methods of engagement in respect of each stakeholder group as well as those parties responsible for the engagement process, with the Board continuing to monitor the activities and progress made in response to stakeholder input and to review the engagement mechanisms to ensure that they remain relevant and deliver the desired outcomes.

Capital allocation policy

Our capital allocation policy aims to provide clarity on the allocation of available capital to fund investment in the business alongside the payment of dividends or other distributions to shareholders.

The overarching objective of our policy is to ensure we meet the needs of all stakeholders, which we believe is best achieved by:

- Maintaining a strong balance sheet with a Bank Net Debt: adjusted EBITDA ratio of less than 1.0x
- Continued investment in both news and magazines business and organic growth
- Payment of sustainable ordinary dividend, maintaining 2x dividend cover
- Disciplined approach to inorganic growth, focused on bolt-on acquisitions with clear accretive returns to enhance shareholder value
- Further returns to shareholders when appropriate

More information on our policies and all the latest announcements of interest to shareholders can be found on the investor section of our website at

→ www.smithsnews.co.uk/investor-zone/

How we fulfil our S172 obligations

You can find more information pertaining to how our s172 duties* have been fulfilled in the cross references set out in the table below:

| A. The likely consequences of any decision in the long term | B. The interests of the Company's colleagues | C. The need to foster the Company's business relationships with suppliers, customers and others | D. The impact of the Company's operations on the community and environment | E. The desire of the Company maintaining a reputation for high standards of business conduct | F. The need to act as between members of the Company |
|--|---|---|--|---|--|
| <ul style="list-style-type: none"> • Our business model – page 04 • Advancing our Growth strategy – page 06 • Board activities – page 84 • Dividend policy – page 33 • Our strategy – page 06 | <ul style="list-style-type: none"> • Stakeholder engagement: colleagues – page 35 • A Q&A with the Colleague Engagement NED – page 40 • Directors' Remuneration Report - page 106 • Culture – page 91 • Diversity, equity and inclusion - page 86 • Succession planning - page 103 • Whistleblowing hotline - page 96 • Our Sustainability Report - page 42 | <ul style="list-style-type: none"> • Stakeholder engagement – page 32 • Advancing our Growth strategy – page 06-11 • Our Sustainability Report - page 42 | <ul style="list-style-type: none"> • Stakeholder engagement: - page 32 • Our Sustainability Report - page 42 • SECR disclosures and TCFD Report - page 54 | <ul style="list-style-type: none"> • Board activities - page 84 • Risk Management Report - page 67 • Compliance and internal controls - page 92 • Whistleblowing - page 96 • Culture - page 91 • Anti-bribery and Corruption - page 96 • Our Sustainability Report - page 42 | <ul style="list-style-type: none"> • Stakeholder engagement – page 32 • Annual General Meeting (AGM) – page 129 • Board activities – page 84 • Capital allocation policy – page 33 |

Stakeholder engagement and S172 Statement continued

Shareholders and Lenders

Engagement

- One-on-one engagements with our largest institutional shareholders (plus one investor conference attended as organised by the Company's brokers).
- Formal presentations are made to institutional shareholders and lenders by the Chief Executive Officer and Chief Financial Officer, followed by a formal Q&A session. The presentations and recorded video-cast are available to view on the Company's website.
- Virtual investor briefings to retail shareholders on specialist retail investor platforms, with investors and prospective investors invited to participate in a dedicated Q&A format with the Chief Executive Officer and Chief Financial Officer (e.g. Investor Meet webinars).
- Promote greater levels of transparency with retail investors through the publication of analyst consensus, research and key metric data via our website.
- Ad hoc meetings with new shareholders, non-holders and existing shareholders, representing in excess of 50% of our issued share capital.
- Ahead of our AGM, we regularly engage with proxy advisory voting agencies (such as ISS, IVIS and PIRC) and some of our larger institutional investors regarding their respective voting intentions/recommendations on resolutions being put forward at the forthcoming AGM and any synopsis of the Company's disclosures in the prior period Annual Report.

- The AGM itself also facilitates one-on-one engagement with investors, facilitating a formal Q&A session together with an opportunity for informal discussions with the Board, both before and after the AGM.
- Business performance updates to the syndicate of lenders has promoted confidence with our lenders arising from the Company's financial stability in its ongoing business delivery and improving balance sheet strength.
- Direct engagement with investors around proposed revisions to the Remuneration Policy which will be presented to shareholders for approval at the AGM in January 2026.

Information provided to Board

- Board members participated in engagements and shared feedback with the Board.
- Investor relations reports and roadshow feedback.
- Proxy ratings and reports (ISS, IVIS and PIRC).
- Reports on specific engagements:
 - Financial stability and investment returns
 - Long-term sustainability
 - Corporate responsibility
 - Capital Allocation Policy considerations, including DPS, EPS and TSR performance metrics
 - Ongoing investment and capital expenditure planning
 - Free cash flow and Bank net debt analysis

Who engaged?

Shareholder engagements continue to be a shared responsibility across all Directors of the Board, supported by specialist consultants and the Company's brokers, including working closely with, and continuing to on-board, the newly appointed communication consultants to support management with a range of corporate communication services.

Why engagement is important

The Company's engagement with our largest institutional shareholders and virtual investor briefings to retail shareholders has helped to define the Company's Capital Allocation Policy and to promote a healthy understanding of what metrics and developments are of most importance to these stakeholders. In particular, it has helped to secure stakeholder views on the Company's growth and diversification strategy, with particular regard to inorganic bolt-on growth opportunities and the scale of investment in both core business and organic growth business opportunities.

As at the end of the financial year, just over 65% of our issued shares are held by ten shareholders.

Our primary banking agreements are held with a syndicate of two lenders, who have each been lenders to the Company for more than eight years.

| Feedback | Decision | Link to Strategy |
|---|--|--|
| Shareholders remain engaged around anticipated new verticals as well as current business performance and outlook. | → The Board determined that shareholders largely supported the growth strategy comprising both organic and inorganic growth streams, with an acceptance of possible bolt-on acquisitions where they represent clear accretive returns to enhance shareholder value. | → Considering the views of shareholders enables us to promote a stable long-term investor base as well as attracting new investors to the register. It aligns the Company with investors whose expectations are supported by our new verticals and diversification strategy. |
| There was support for the adoption of the new Remuneration Policy, including new employee share scheme rules, all of which are to be put to a shareholder vote at the 2026 AGM. | → The Remuneration Policy was last approved by shareholders at the 2023 AGM (91.34% in favour) and the revised policy will be put to a shareholder vote at the 2026 AGM. The policy includes a 200% of salary shareholding requirement for all executive directors, a commitment to stretching and objectively measurable performance metrics and enhanced malus and clawback provisions. Further, the policy provides that LTIP grant levels adhere with a five-year total vesting and holding period (comprising a three-year performance period + two-year holding) which has been adopted from FY2018 awards, and which is replicated in the revised policy to be considered at the 2026 AGM. | → This engagement allows for the alignment of shareholder and management interests. |

Colleagues

Engagement

- Board members undertook a night visit to our Nottingham final mile depot where Directors had the opportunity to meet colleagues, review operational processes and to better understand the potential risks, issues and challenges with regard to some of the business's operational processes, particularly in relation to the nascent growth initiatives.
- Colleague surveys and questionnaires - please see details of engagement surveys undertaken and outcomes in the People Report on page 28.
- Colleague engagement forums, National Engagement Forum and designated workforce engagement director. We approach colleague engagement through a structured network of local forums, rolling up to the National Colleague Forum chaired by our People Director and attended by our CEO and NED for colleague engagement. This year our Inclusion Manager has also supported this process, facilitating meetings with representatives from our network groups to provide a different perspective from our colleagues than the previous year that focused more on our depot locations.
- Specialist Colleague Consultation Forums, representing a standing team of colleagues from across the business and trained by ACAS, to provide a platform for formal consultation in discussions around significant business change or material changes proposed in relation to employee benefits.
- Remuneration engagement by the Chair of the Remuneration Committee.
- Networking groups.
- Communications via the Company's intranet (SmithsZone), inviting feedback and dialogue.

- Town Hall meetings – including three recorded videos of key messages to colleagues, focusing on key business themes to showcase the business, generating enhanced engagement and presenting an opportunity for Q&As.
- Training opportunities.
- Our colleague newsletter 'Our News' in physical and electronic format.

Information provided to Board

- Colleague engagement survey results with commentary on specific outcomes and resultant action planning.
- Colleague engagement forum views and outputs reported back to the Board by the designated Workforce Engagement Director, both in formal reports and verbally.
- Verbal feedback on the outcome of the Remuneration Committee Chair's engagement.
- Various business and network update reports (please see the People Report on page 28).
- Training reports (please see the People Report on page 28).

Who engaged?

All Board members participated in a night visit to the Nottingham depot. Michael Holt (as the Board's designated colleague engagement director) met quarterly with Instore colleagues, night teams, Location Support Managers and the National Colleague Forum to ensure colleagues are given a voice in respect of matters material to our people and to share business updates and gain colleague feedback and insight. It is the intention to expand these engagements to include our Trusted Leaders and apprentice colleagues.

Our all-colleague Town Hall meetings are recorded and produced quarterly and further supported in person by members of the Executive Leadership Team at each of our largest sites to help ensure that colleagues are able to build a rapport with senior leaders and can freely feel able to engage in two-way dialogue, with their questions being answered in real time.

Why engagement is important

Enables the Board and the Executive Leadership Team to meet directly with colleagues and to explain important aspects of the business and those decisions which may impact colleagues, whilst also providing an opportunity to receive feedback, answer questions and understand what is important to our colleagues.

We have just under 1,400 colleagues operating from sites in England and Wales.

In addition, we have c.150 outsourced colleagues based at two sites in Noida and Pune (India) providing staffing at a Shared Service Centre (SSC).

Stakeholder engagement and S172 Statement continued

Colleagues continued



Feedback

National Colleague Forum requests. Through our colleague network group meetings, discussion points have been raised around how our bonus scheme is structured, an appreciation for the information shared in the Town Hall meetings hosted by the Executive Leadership Team and a desire from colleagues to understand even further and get behind the Growth streams.

Decision

- Refresh of our colleague service recognition scheme 'Extra Mile' awards. This request was followed up with an interactive session with the Executive Leadership Team to develop an approach to ensure that involvement and input remains authentic, without impacting the identity or leadership of the network groups.
 - Increased information sharing and Town Hall meetings dedicated to explaining our strategy, the importance of this to the whole business and promoting opportunities for Colleagues to play their part.
 - Review of the bonus schemes.

Link to Strategy

- Through our network groups and colleague engagement surveys we encourage colleagues to share their needs and articulate how we can best support them, thus maintaining an engaged workforce where colleagues can experience real opportunities for development and a long and rewarding career. Enhanced visibility and understanding of both the Company's strategy as well as clear vision and purpose statements.

Network group presentations to the Executive Leadership Team regarding key issues of importance for the network group and where greater management involvement in network group would be valued.

- Approval for two weeks fully paid paternity leave and paid attendance at two antenatal scans
- Approval for fully paid neonatal leave and support for colleagues (capped at 12 weeks' pay)
- Unanimous support for our network groups' activities and discussion around executive member support, either by being an active member of a specific network group or as an ally and role model. This was followed up with an interactive session with the Executive Leadership Team to help develop an approach which ensures that involvement and input remains authentic, without impacting the identity or leadership of the network groups.

- Informs benefits structure and policies available to colleagues to best recognise and meet the needs of colleagues. Supports an inclusive culture, and a mechanism, which demonstrates our Company values and where colleagues feel acknowledged and respected.

Customers and Suppliers (inclusive of the largest publishers, retail customers and suppliers)

Engagement

- Monthly Customer Satisfaction Surveys (250) for both Independent and Multiple Retailers.
- C.54,000 Customer Service calls per month to resolve customer queries and promote SNapp self-service.
- Annual survey and quarterly director review meetings with publishers.
- Retail Director Quarterly Review Meetings.
- Periodic engagements with suppliers, with prioritisation based on contract type and spend.
- Company Facebook page, driving more of our Growth initiatives directly to our retail customers as well as promoting 'job of the week' from the recruitment team.
- The Fed – making use of our relationship with industry association 'The Fed', increasing Smiths News' branding and goodwill in the industry through advertisements and engagement opportunities.

Information provided to Board

- Operational reports are submitted to the Board monthly showing performance against KPIs (including publisher and customer satisfaction scores).
- Reports relating to potential risks, issues or challenges with regard to some of the business' operational processes are provided to the Board, particularly in relation to the nascent Growth initiatives

Who engaged?

Customer Service team, Procurement team, account managers and the Executive Leadership Team.

Why engagement is important

Enabled us to obtain feedback on the standard of service delivered to our customers and identify opportunities to improve our service.

Encouraged the use of our dedicated self-help app (SNapp) and reduced the volume of paper-based content being sent to retailers in favour of electronic versions, thus reducing cost and supporting our sustainability agenda.

Maintaining a positive relationship across our supply chain supports the stability of our business and the industry sector, and underpins value thereof, while allowing us to ensure that we work with our suppliers in a mutually beneficial manner.

Our suppliers are made up of national publishers/distributors in the United Kingdom as well as a significant proportion of regional publishers across our territories through long-term contracts.

Customers include approximately 21,800 news outlets, ranging from large supermarkets to high street retailers and independent stores.

Our business model incorporates c.640 self-employed distribution subcontractors who are engaged to provide services to support our operations and deliver daily to our customers.

In addition to our newspaper and magazine publisher suppliers, we have a further network of suppliers who provide assorted goods and services to the Company.

| Feedback | Decision | Link to Strategy |
|---|---|---|
| Engagement with our major newspaper publishers and magazines distributors twice yearly on our sustainability agendas. | → Secured formal confirmation from nearly 66% of our publisher clients of their confirmation to our human rights and other sustainability policies, enabling more transparent and accurate reporting. | → Supports our Sustainability strategy. |
| Engagement with retail customers to understand challenges being faced by them provided suggestions on areas of opportunity and collaboration. | → Progressing activities to simplify the category and improve efficiency such as EPoS based returns. We continue to explore providing additional distribution and recycling opportunities to synergise existing transport and delivery activity, including capitalising on our investments in warehouse and transport management systems. | → Supports our Sustainability strategy and improving the wider supply chain environmental impact. |

Stakeholder engagement and S172 Statement continued

Community and Regulators

Engagement

- Individual colleague engagements with charities of choice under the umbrella of our 'We Care' charity and community network group, which coordinates CSR charitable and community-related activities.
- Colleague participation in Pass It On.
- NewstrAID promotion and funding.

Information provided to Board

Regular community engagement updates are provided to the Sustainability Committee and the Board.

Who engaged?

Various colleagues at individual charity level and Pass It On, as well as representatives from the Company provide assistance and support to NewstrAID.

Why engagement is important

Helps the Company to have a positive impact on its local communities by supporting charities and community groups, drives usage of our colleague 'volunteer day' benefit and manage charitable requests.

We support the print sector through its NewstrAID charity. Smiths News also remains the anchor sponsor of 'Pass It On', a registered charity first started by the Company in 2017 which helps to address the issues and challenges of homelessness within the UK.

We provide availability of newspapers and magazines to thousands of local communities across the UK, representing a 55% market share by sales volume.

We provide availability of newspapers and magazines to thousands of local communities across the UK, representing a 55% market share by sales volume.

We engage with various regulatory bodies across the supply chain to ensure we comply with our regulatory and legislative obligations.

| Feedback | Decision | Link to Strategy |
|--|---|--|
| Positive feedback on charitable funding and support. | → During FY2025 we commenced a share forfeiture process to remove "gone away" shareholders from the share register as well as a structured forfeiture of unclaimed dividends. Mindful of the implications of this process, the Board resolved to ring-fence any proceeds from the exercise, to be used to support charitable activities. | → During FY2025 we have seen an increase in colleagues undertaking charitable activities as well as taking advantage of our "matched donation" policy which has supported our sustainability strategy and framework (Community pillar) and our company ethics. |
| Continued support for NewstrAID, a charity offering crucial welfare support for individuals who are or have been employed in the selling and distribution of newspapers and magazines and who find themselves facing financial and emotional hardship. | → We have continued to support the NewstrAID charity and encourage colleagues to become actively involved and have volunteers on several regional committees. Activities range from fundraising to community liaison and welfare visits. Furthermore, and crucial to NewstrAID's fundraising, we facilitate and administer payments for its supporter lottery which last year raised over £1m. The Company makes an additional corporate sponsorship. | → Supports our sustainability strategy and framework (Community pillar) and our company ethics. |



Designated Workforce Engagement Director and National Colleague Engagement Forum

The Board continues to assess its approach to engagement within the workplace, mindful of the UK Corporate Governance Code measures. To facilitate this process, the Board has designated a Non-Executive Director with specific responsibility for workforce engagement which the Board has confirmed remains the most effective means of colleague engagement at the Company. The role is a critical link in our communication and feedback chain and is currently held by Michael Holt, whose deep experience in the distribution and logistics sector is especially relevant to this engagement.

Michael has held the position since its inception in 2019, working closely with our People team and the National Colleague Forum, which is a representative group from across the business.

He reports on his interactions, raising issues and conveying the breadth and strength of views to the Board.

The formal remit of the designated Colleague Engagement Director includes:

- Gathering the opinions of a broad cross section of our workforce
- Seeking to understand the concerns and views of our workforce and articulating these to the Board
- Ensuring that appropriate steps are taken to consider the impact of proposals and developments on our workforce
- Where appropriate and relevant, providing operational and commercial updates and feedback from the Board to our workforce

The National Colleague forum continues to be held on a quarterly basis with representatives from across the business who are able to raise issues from their teams that could be of national interest, and which may not be able to be resolved at local forum meetings.

We believe that it is important for the Forum to undergo a continuing process of review which includes training for both the current and potentially new representatives while at the same time promoting and encouraging both awareness and participation of the Forum amongst colleagues. The meetings have remained largely a top down, information sharing approach with issues and questions raised by the colleagues at the end of the meeting. Michael has also informally met with different groups of colleagues across the business, supported by our Inclusion Manager who has facilitated meetings with representatives from our network groups as well as Instore colleagues, night teams and Location Support Managers. This has moved the focus away from a location-based engagement and has allowed a different perspective to be presented from our diverse range of colleagues, which will be further developed by expanding these engagements to include both our 'Trusted Leadership' cohort (who comprise up and coming talent across the business) and apprentice colleagues.

| Employee engagement – Q&A with Michael Holt

Talking with Michael Holt about connecting, consulting, and listening to colleagues



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and

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Michael Holt has been a member of the Board since 2018. As well as being Chair of the Remuneration Committee, he is a member of the Audit, Sustainability and Nominations Committee – and also the Non-Executive Director with responsibility for employee engagement.

Enthusiastic about his role, he has spent considerable time meeting, consulting and listening to colleagues across the business. His perspective is enhanced by distinguished career in the logistics sector with deep experience of managing through change and operating successfully in challenging markets.

In this Q&A, we explore what he has learned and how this feeds through to the Board and its decision making.

Q Can you briefly outline your role in relation to employee engagement?

A My role is to champion the employee voice at the Board and ensure we are considering and acting on the views and concerns of colleagues from across the business. Of course, I can't do that alone, so it's important to see all this in the context of the long-established communication processes that include the biannual engagement survey, the various network groups, and regular Town Hall all-colleague meetings. In many ways, what I set out to do is sense check and supplement those engagement methods with hands-on involvement and, critically, visibility in the business.

Q How do you fulfil those responsibilities in practice?

A Being seen across the business – and being seen to listen – is central to my approach. Early in the role, I prioritised meeting with depot-based colleagues, and not just the larger locations that tend to receive more attention. It was inspiring to witness first-hand the enthusiasm and loyalty of colleagues – and immediately see that our people care deeply about the business and want to contribute to its direction and success.

Which is why I try always to create a safe space for colleagues to say what's on their mind and share real world experience. In this respect confidentiality is key. So too, is speaking in plain language and not being afraid to probe and ask questions.

In practical terms, I also work closely with the People Team, who ensure that actions from my engagements followed up swiftly. This is important for building trust and being seen to have taken colleagues' suggestions seriously.

Michael Holt is Chair of the Remuneration Committee, and also the non-executive director with responsibility for employee engagement.



Q Does your experience in logistics impact how you listen and understand concerns?

A An understanding of the generic challenges, and even knowing the industry jargon, can certainly help to build connections and get to the bottom of concerns. I find that sharing real-world experience is often a good way to tease out the issues and show that you understand logistics is about more than workflows and manifests. But critically, I'm conscious that I'm there to listen and not to lecture. So while my wider experience can help at times, I always try to approach meetings and visits with a 'beginners' mindset' – and there's no doubt that in doing so I've learned a great deal more than I ever imagined I would.



Q How do you provide feedback to the Board, and what impact does this have on decision making?

A Formally, I report my findings to colleagues on the Board, who in return share their own observations – for my role is not in isolation of, or a replacement for, their active involvement. As a Board we have to consider all stakeholders, and occasionally that can mean balancing priorities and resources. By way of tangible example, five years ago we were navigating our way through a pandemic while simultaneously needing to materially reduce our overall net debt. Our progress since then demonstrates that the long-term interests of colleagues, customers and investors are more closely aligned than they ever are apart.

It's important to stress that I also work closely with the Executive Leadership Team and that my feedback and involvement goes beyond our formal meetings. In many ways I try to act as a conduit to carry messages up and down the organisation, so that we make better – and better informed – decisions at all levels.

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It was inspiring to witness first hand the enthusiasm and loyalty of colleagues – and immediately clear that our people care deeply about the business and want to contribute to its direction and success.



Q What are the learnings that really stand out for you?

A The colleague network groups are a real asset and I'm delighted that they are growing. There is always something especially powerful about forums that are built on individual passion and commitment. I've also been impressed by their commitment to creating a 'safe space' for views and opinions, particularly when exploring those areas where language can be highly sensitive and even well-intentioned comments are sometimes misconstrued. That spirit of everyone learning together and 'everyone-in' is great to see.

More broadly, if there is one thing my involvement to date has confirmed, it's that the collective experience in any depot or network group will always surpass that of any individual, no matter their expertise. It's vital that we harness that embedded knowledge and learn from the diversity of views and perspectives that is there for us to tap into.

Q What are your views on the key engagement challenges as we go forward?

A Actually, the messages I consistently hear from colleagues are invariably focused on opportunity rather than challenge in its narrowest sense. On the whole, our colleagues say they enjoy working at Smiths News, have a good relationship with management and would like to stay for the remainder of their career. But while they understandably want to have choices for their future, they also recognise that means embracing change, even if it can be unsettling at times.

At a practical level, we have new skills to acquire and greater scale to build in our target markets. Nor should we underestimate the ongoing challenge of finding efficiencies – or perhaps better put, finding new ways of delivering efficiently for our customers. But if maintaining our market leadership, while simultaneously applying our capabilities differently, is the essence of our future direction – then, without doubt, our people are the critical component of succeeding on that journey.

| Sustainability Report

Our strategic pillars drive our actions and commitment



Paul Baker

Sustainability Committee Chair

Compliance statement

CFD

We have set out our climate-related financial disclosures as required by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which is also in line with the UK Listing Rules (UKLR: 6.6.6R(8) and 6.6.8G). We have fully complied with the requirements of CFD.

TCFD

This also constitutes our response to the recommendations and recommended disclosures of the Taskforce on Climate-related Financial Disclosures (TCFD), as well as the TCFD Annex which has been applied where relevant. We have made disclosures that are aligned with the TCFD core element areas, and we have complied fully with the required 11 specific recommended disclosures save for Strategy Recommendation B. While we have described the impact of climate-related risks and opportunities on our business and strategy, we could expand on the impact these risks have on our financial planning.

The financial operational cost impact of climate change (e.g. introduction of low emissions zones, risk of property flooding, necessity of provision of air conditioning etc.) is partially taken into consideration within our three-year business planning cycle but further modelling in relation to the impact thereof on financial income has not been undertaken. As the CFD requirements are to describe the impact on the business model and strategy, without specifying the impact on financial planning, we believe we have fully complied with the CFD requirements. We acknowledge that we could benefit from a more accurate and bespoke analytical model, but we do not have the internal resources to undertake this work, nor do we believe that the forecasted expenditure of such analytical models is currently justified nor necessary for us to be able to more accurately assess our climate-related risks, their financial magnitude or the associated timelines.

A summary appendix of our key disclosures in relation to the 11 TCFD recommendations and the 8 CFD requirements are set out at the end of this TCFD report on page 60.

| Where to find information in our Sustainability Report: | Page |
|---|------|
| Compliance Statement (against TCFD and Companies Act regulations) | 42 |
| Chair's introduction - providing highlights of the year | 43 |
| Committee composition, attendance and activities | 43 |
| Sustainability strategy (incl. climate risk) | 44 |
| Oversight /governance (incl. climate risk) | 46 |
| Summary of Pillar KPIs, performance and FY2026 commitments | |
| • Governance | 48 |
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| • Environment | 53 |
| Risks and opportunities | 56 |
| Non-financial and sustainability information statement and non-financial key performance indicators | 58 |
| Summary appendix of our key disclosures in relation to the 11 TCFD recommendations | 59 |

“
Our Key Performance Indicators support both transparency and accountability and we continue to make progress across all of our five pillars.

Chair's introduction

On behalf of the Board Sustainability Committee, I present the FY2025 Sustainability report which outlines the key progress we have made in the review period towards achieving our Sustainability strategy.

This year has seen us focus on the collection and integrity of our data, ensuring it is accurate and repeatable. Our project team has expended considerable time and effort on better understanding our data including how we collect and calculate our emissions across our whole business, with a focus on ensuring that what we report is correctly defined, properly measured and accurately reported. I am pleased to report that while some small discrepancies were identified, and corrected, we believe our data to be reliable and repeatable for future years, thereby allowing meaningful comparisons to be made.

Our Key Performance Indicators (KPIs) support both transparency and accountability and we continue to make progress across all of our five pillars. Our two particular focus areas of 'Environment' and 'People' have seen good progress, with our Scope 1 and 2 emissions reducing and our D&I network groups being heard and influencing decisions across the business, while it is also noteworthy that our 'We Care' network group has spread across the business and ignited colleague engagement, particularly in our charity work.

The long-term sustainability of the Company is being supported by our new verticals (e.g. comprising reverse logistics recycling, final mile and new categories distribution support) and this year we took considerable time to consider our position in respect of Transition Planning in this light. While we support transition plans in principle, we made the decision not to publish a formal plan in FY2025, although we did publish our ESOS commitments in line with legislative requirements.

The decision not to publish a Transition Plan was influenced by the release of the UK SRS (UK reporting standards) for consultation in June 2025 as well as the reality that our business is on the cusp of change and thus it would be speculative to make any sort of accurate prediction regarding our future emissions, and thus also any reduction thereof to net zero. Taking into account the horizon to achieving net zero and the trajectory of our business, we do not believe that we are able to credibly formulate a meaningful Transition Plan beyond being able to explain the current initiatives being taken and to reiterate our commitment to conduct both our current and future business in a way that demonstrates our support for a low-emission, climate-efficient economy. In that regard, we believe it best not to commit to such a plan but to instead focus energies on what we are already doing and for which good progress is being made.

As we do not have all the necessary resources internally, we still make use of the services of external consultants to assist us in meeting our regulatory and reporting requirements.

Our sustainability strategy enjoys the full support of our Board, and the Sustainability Steering Group not only supports the Board with the provision of data and reports but has also ensured that our strategy receives the necessary support and encouragement throughout our business, with robust grass roots engagement and participation. As I leave the Company, I remain confident that our sustainability agenda is well placed and will continue to deliver against our imperatives.

Approval

This report was approved by the Sustainability Committee and signed on its behalf by:

Paul Baker

Sustainability Committee Chair
3 November 2025

Committee Activities

31 October 2024

- Reviewed year-end emissions data
- Sustainability pillars progress report against targets and consideration of action plans to achieve targets set
- Risk review
- Review of metrics and targets for FY2025

16 January 2025

- Sustainability pillars progress report against targets and consideration of action plans to achieve targets set
- Considered proxy voting reports and sustainability messaging in their commentary
- Reviewed Sustainability Policy
- Considered Net Zero Carbon audit and context of what Net Zero really means for the Company

30 April 2025

- Sustainability pillars progress report against targets and consideration of action plans to achieve targets set
- Risk review
- Transition Planning review

22 July 2025

- Sustainability pillars progress report against targets and consideration of action plans to achieve targets set
- Strategic review of Sustainability approach
- Reviewed Data Process Assurance mapping

Composition and attendance¹

| Members throughout the year | Committee member since | Meeting attendance |
|-----------------------------|------------------------|----------------------------------|
| Paul Baker - Chair | 23 April 2024 | 4/4 |
| David Blackwood | 23 April 2024 | 4/4 |
| Jonathan Bunting | 23 April 2024 | 4/4 |
| Denise Collis | 23 April 2024 | 1/1 resigned at AGM January 2025 |
| Manju Malhotra | 16 January 2025 | 3/3 joined January 2025 |
| Michael Holt | 23 April 2024 | 4/4 |
| Deborah Rabey | 23 April 2024 | 4/4 |
| Mark Whiteling | 23 April 2024 | 4/4 |

¹ The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

Sustainability Report continued

Our Sustainability Strategy

During FY2025 we reviewed our sustainability strategy and approach, including reviewing our climate-related risks and opportunities. We have concluded that our five pillars accurately reflect our approach which we believe remains effective and which guide our actions, enabling the determination of suitable metrics and targets, effective resource allocation, identification of targeted initiatives, and systematic progress monitoring within each area. These strategic pillars directly address 11 of the 17 United Nations Sustainable Development Goals, reinforcing our commitment to fostering enduring prosperity for both humanity and the planet.

We have approved metrics and Key Performance Indicators for each of our pillars which enable us to be held accountable and for our progress to be tracked and measured as we move towards our sustainability goals and objectives. Each of the pillars is addressed below, with our 'Environment' and 'People' pillars being specific focus areas.

Since setting our emissions reduction targets in FY2022, our focus has been on opportunities presented by our buildings and fleet, which have contributed to mitigate two of the five climate-related risks we have identified including: 1) reduced reliance on fossil fuels, reducing exposure to energy blackout and price volatility within the market and 2) reducing fleet emissions to reduce the impact of ultra-low emission zones.

We have also adapted our strategy to harness opportunities including the establishment of Smiths News Recycle (see page 08 for further details).

While we had indicated in our FY2024 report that we would look to develop a transition plan in FY2025, as explained in the Chair's introduction we have deferred this. Having regard for the horizon to achieving net zero and the trajectory of our business, we do not believe that we can credibly formulate a meaningful Transition Plan at this time. We remain committed to meeting our near-term SBT (Science Based Targets) as published in 2023 (from a FY2022 baseline) and, following completing a net-zero assessment undertaken at our Birmingham depot in FY2024, we have taken the learnings and suggestions into consideration to better understand the feasibility and investment which would be required to reach net zero at this site and how the reduction initiatives identified could be extrapolated across our business at the other 34 sites. Accordingly, when finalising our Energy Saving Opportunities Scheme (ESOS) submission in the year, the proposals of the net-zero assessment were considered and incorporated where applicable.

In this regard, when considering suggested interventions, actions which required a greater than three-year pay back were not considered to be operationally expedient given the current long-term state of change of the business, with cost efficiency and the overall sustainability of the business being considered to be paramount. Coupled with the net-zero assessment, and in preparation for the ESOS submission, energy audits were also undertaken with a view to identifying additional action which we could use to reduce our emissions and reduce our climate risk.

Following the publication of our targets in FY2023 we were able to identify and harness the inevitable 'quick wins' to drive the reduction of emissions. This led to a drive towards increased energy efficiency through upgrades to our lighting and heating equipment and installation of additional smart control systems (automatic lighting, radiator controls and power consumption monitoring).

We have also sought to influence our employee behaviour and awareness of climate risk through encouraging a decrease of temperature settings and understanding baseload outside of operational hours.

Finally, we have transitioned to alternative energy sources where applicable, including migration from gas boilers to electric and the installation of solar PV or heat pumps, thus supporting our move to low carbon energy. We have continued to convert our forklift trucks to electric following a successful transitioning of our entire company car fleet to EV (Electric Vehicle)/hybrid at the end of FY2023.

We will continue to assess the suitability and investment requirements of the implementation of further emission reducing actions across our business and remain committed to meeting our stated near-term targets. As our business evolves in line with our stated growth ambitions, we will continue to ensure that climate risk and impact are considered as part of our strategic decision-making and resource allocation. Specific actions to be taken are set out under each pillar on the next page.

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We have approved metrics and Key Performance Indicators for each of our pillars which enable us to be held accountable and for our progress to be tracked and measured.”

Our Sustainability Pillars



| Sustainability Report continued

Oversight of Sustainability (including Climate Governance)

Effective oversight of sustainability is underpinned by our Sustainability Committee which supports the Board to ensure oversight of the Company's Environmental, Social and Governance strategy while monitoring progress against key performance indicators. The Committee has approved terms of reference and has met four times during the year.

Our Sustainability strategy and approach includes clear internal responsibilities, measurable KPIs which are monitored and reviewed as required and regular communication of our performance to stakeholders. This approach is aligned to our Company values, with Sustainability viewed as fundamental to maintaining a strong business reputation and for building trust and alignment in our brand. Climate risk and sustainability are considered at all levels of the business and upholding solid business principles is vital for attracting and retaining new customers, talented employees, and investors. It also strengthens our relationships with supplier partners and external regulators. Ultimately, this creates value for our shareholders and ensures that we operate efficiently, ethically and sustainably.

The Board's role is to oversee the Company's sustainability strategy, set by the management team, and monitor progress against our targets. We have a dedicated Sustainability Committee which is supported by the Audit and Remuneration Committees as well as our Executive Leadership Team and Sustainability Steering Group. The Sustainability Steering Group has delegated responsibility for operationalisation of the Company's sustainability strategy, identifying and assessing climate and sustainability risks and opportunities, assessing progress against KPIs and shaping the future sustainability strategy. Further details of our KPIs are outlined in respect of each pillar throughout this report. Responsibility for the day-to-day management of activities is cascaded to functional roles, mirroring the way that other risks are managed within the business. Further details of this process can be found, in the Risk Management Report on page 67.

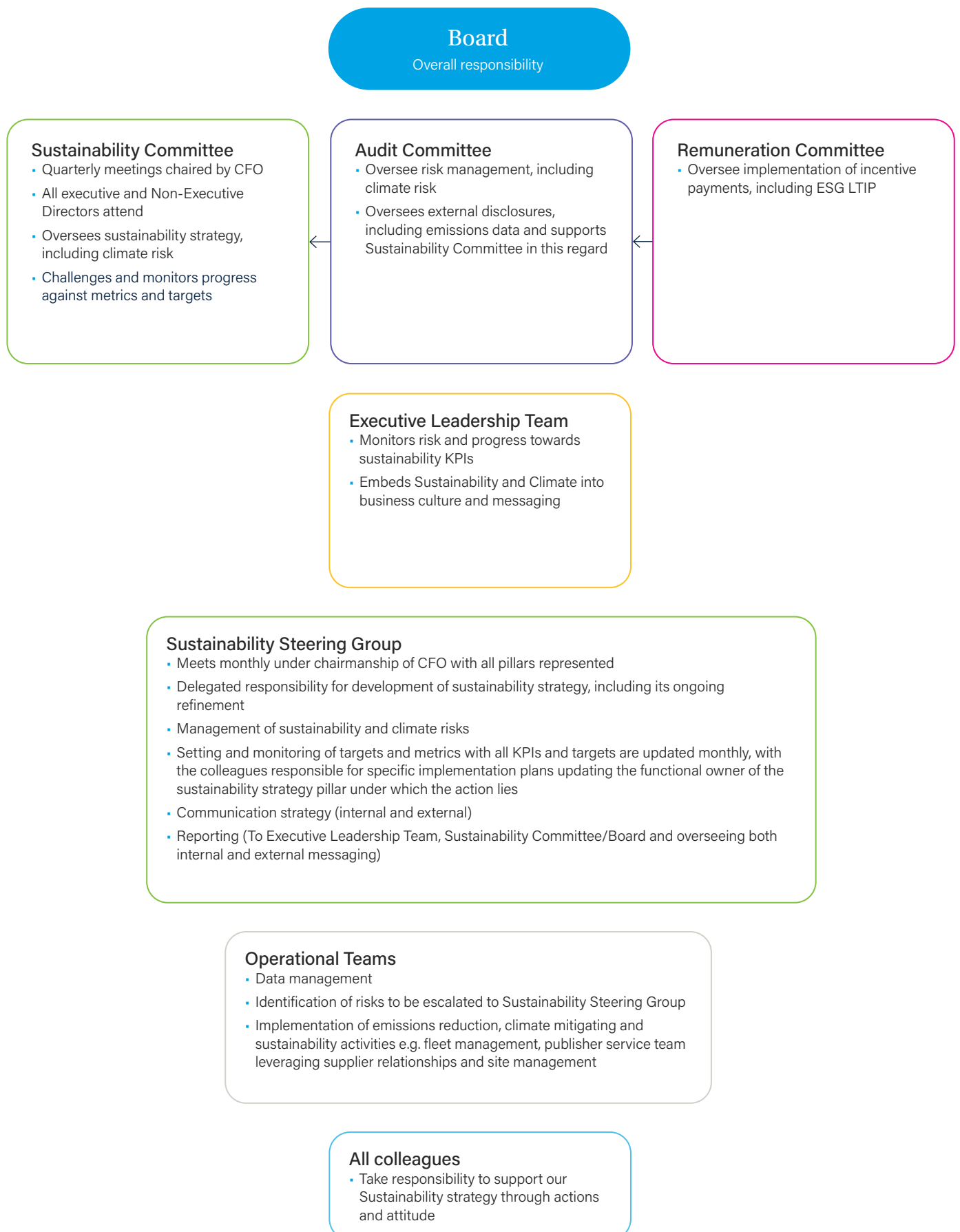
Upskilling and training to the Board and Executive Leadership Team remains a priority given the wider Sustainability agenda (and associated legislation and reporting requirements) undergo significant change and development.

We monitor trends and developments and seek to ensure a broad understanding across the Board, executives and all colleagues, adopting a combination of internal updates and use of external experts to provide context on specialist topics, enabling empowered and informed decision-making to take place. We have integrated Sustainability into our broader employee engagement strategy and have dedicated one of our quarterly town hall all-colleague meetings to Sustainability, thus ensuring that there is a two-way communication process across the business, allowing colleagues to understand actions we are taking and encouraging their participation across the business with both action support and the sharing of ideas and suggestions. We also have a policy to ensure that external communications are centralised, verified and consistent.

The FY2024-2026 and FY2025-2027 LTIP awards each include a sustainability metric thereby linking sustainability incentives at a senior managerial level. Further information on this and the percentage of overall remuneration can be found in the Directors' Remuneration Report on page 106.

For more information pertaining to the governance of our wider sustainability approach please see the Corporate Governance Report on page 74, or for specific climate governance please see the Environment/Climate Governance section on the next page.





Sustainability Report continued

Governance

Governance – Compliant and transparent reporting

| Ambition | KPI | FY2024 | Progress FY2025 | FY2026 |
|--|--|--------|-----------------|---|
| Compliant and transparent reporting | 1. London Stock Exchange Group Governance score of > 85% | 82% | 81%/A-* | We will continue to look to meet our KPI through a programme of Board support, training, policy review and monitoring of risks and performance. |

* The score lags approximately nine months behind the reporting month; thus, we will only get an updated score for September 2025 in or around June 2026. Hence, the reflected score here is as at June 2024

We consider ratings from different agencies and proxy voting opinions, acknowledging the use of various elements and metrics for scoring. We have chosen to use the FTSE Russell ESG scoring methodology which is used by the London Stock Exchange (LSE) as our performance measure. This does not mean it is the only correct or best methodology, but rather we find it to be an objective and practical target with clear metrics for guiding our progress and enabling us to benchmark ourselves against a wide range of companies operating in the UK who are similarly listed on the LSE. While we will continue to strive to improve our rating, when considered against the benchmark group, we remain satisfied with our score.

Areas considered in the rating process include:

- tax transparency – See Tax strategy: www.smithsnews.co.uk/wp-content/uploads/Tax_Strategy_2025.pdf
- risk management – See Risk Management Report on page 67
- anti-corruption – See Audit Committee Report on page 96
- corporate governance – See Corporate Governance Report on page 74.

ESG metrics are included within the personal objectives of the Executive Directors and therefore impact bonus payments. In addition, ESG metrics are included as an executive performance measure within the last two LTIP awards (the next award will be made after the completion of this report). Please refer to our Directors’ Remuneration Report on page 106 for more information on executive remuneration and employee engagement around pay.



“ We have maintained our overall engagement levels throughout FY2025. ”

 People

Engagement- We have maintained our overall engagement levels throughout FY2025 (participation at 85%), which is an encouraging result that stands in contrast to the wider UK trend. In particular, we have seen an increase in the number of colleagues who would recommend Smiths News as a great place to work and who feel motivated to do their best. We have also seen an increase of 4% point in the April 2025 survey for colleagues agreeing they have the necessary learning and development support they need to do their job well, coupled with significant increases in enablement scores, driven by site and head office refurbishments.

Diversity & Inclusion- Our focus on inclusion continues to be important, with us launching in the year our fourth network group – ‘Pride News’ network. We particularly welcome that the efforts of these network groups are now being externally recognised for driving positive new initiatives and policies, with ‘fostering friendly’ accreditation having been achieved and our ‘Women in News’ network group having been shortlisted for an industry award.

Embracing diversity is key to staying competitive in today’s global marketplace and brings a wider range of perspectives and ideas, increases innovation and creativity, promotes better problem-solving, improves decision-making, and delivers a more inclusive work environment. We have reported against a target to increase the proportion of leadership from ethnic minority backgrounds as our D&I data indicates that within our business diversity decreases with seniority, and while we will continue to focus on this internally, for FY2026 we will look to amend our target to include the % of our workforce that have completed all data points on our electronic database, disclosing against both gender and diversity criteria. This will provide a sound base to consider moving the metric to the total workforce rather than the narrower leadership measure we currently use. We are also focused on the development of a future diverse talent pipeline, with 33% of the current Executive Leadership Team being female. Please refer to our Corporate Governance and Nominations Committee Reports on pages 74 and 102 respectively for more information on diversity at a Board and

Executive Leadership Team level. Please refer to our People Report on page 28 to learn more about our colleague network groups as well as our overall approach to diversity and inclusion across our business.

Gender pay gap data¹ is communicated and made fully accessible to colleagues and other stakeholders, including publication on the relevant Government websites. The Company will update its gender pay gap report in due course, in line with the required reporting timetable and no later than 4 April each year – details will be published on the Company’s website at www.smithsnews.co.uk/investor-zone/. Our detailed report for the previous year’s submission (2024 retrospectively for the previous year and in April 2026 we will report the 2025 statistics) is available to view and download on the Company’s website at [Smiths News gender pay gap 2024.pdf](#). Smiths News reported a lower mean gender pay gap of 9.53% in 2024 against the ONS mean gender pay gap for all workers in the UK in April 2024 of 13.1%.

People – Diversity and inclusion

| Ambition | KPI | FY2024 | Progress FY2025 | FY2026 |
|---|---|--|---|---|
| Support a diverse and inclusive workforce | 2. 30% increase in the number of colleagues from minority groups recruited into leadership positions over the next five years (FY2021–2026) | 22% 11% | Gender 35% achieved against a five-year baseline Target of 43% Ethnicity – 9% achieved against a five-year baseline Target of 10% | We continue to ensure that our attraction and selection strategies are inclusive. We will analyse the impact of our recently-launched Employee Value Proposition and will drive the collection of diversity data across the workforce. Our focus will be on upskilling line managers, particularly around unconscious bias, and conducting a fair and inclusive selection process, alongside the launch of new supporting materials and guidance. |
| Supporting colleagues by driving engagement, development and training, and diversity and inclusion | 3. Maintain participation rate of above 75% for each colleague engagement survey and drive engagement through improvement in colleague engagement score by 1 – 3% over next 12 months | 88% 9%-point increase from October 2023 to April 2024 | Participation rate: 85% Engagement Scores: <ul style="list-style-type: none"> October 2024 63% April 2025 64% | We will be launching training and enhancements to the engagement survey tool in autumn 2025, supporting managers to easier identify and action plan against themes and trends. |
| Demonstrate a skilled workforce through mandatory certification | 4.% of colleagues who have achieved mandatory certification: above 90% for non-PC users and 98% for PC users | 97.1% 98.2% | Non-PC Users: 97.4% PC Users: 98.5% | We will launch a new capability on our Learning platform to set up and manage personal development action plans – this will ensure they are more accessible for all and also support analysing key themes and trends across the business. We will also test a new approach on conducting mandatory certified learning. The approach will focus more on testing retention of information and directing colleagues to more personalised required learning. |

Sustainability Report continued

People continued

| Gender | Gender composition: 30 August 2025 Headcount | | | | | Gender composition: 31 August 2024 Headcount | | | | |
|---|--|------|--------|------|--------------|--|------|--------|-------|--------------|
| | Male | % | Female | % | Total | Male | % | Female | % | Total |
| All employees | 801 | 59.1 | 556 | 40.9 | 1,357 | 832 | 59.9 | 556 | 40.06 | 1,388 |
| Executive Leadership Team (excl. Executive Directors) | 5 | 62.5 | 3 | 37.5 | 8 | 4 | 57 | 3 | 43 | 7 |
| Executive Team and other Senior Managers | 20 | 80 | 5 | 20 | 25 | 16 | 73 | 6 | 27 | 22 |
| Board of Directors | 5 | 71 | 2 | 29 | 7 | 5 | 71 | 2 | 29 | 7 |

Gender pay gap data is communicated and made fully accessible to colleagues and other stakeholders, including publication on the relevant Government websites.

The Company will update its gender pay gap report in due course, in line with the required reporting timetable and no later than 4 April each year – details will be published on the Company's website at <http://www.smithsnews.co.uk/investor-zone>

Our detailed report for the previous year's submission (2024 retrospectively for the previous year and in April 2026 we will report the 2025 statistics) is available to view and download on the Company's website at smithsnews.co.uk/wp-content/uploads/Smiths_News_gender_pay_gap_2024.pdf.

Smiths News reported a lower mean gender pay gap of 9.53% in 2024 against the ONS mean gender pay gap for all workers in the UK in April 2024 of 13.1%.

| Employee turnover | FY2025 | FY2024 | FY2023 |
|--|--------|--------|--------|
| All employees | 18.88% | 32.87% | 30.30% |
| Board of Directors | 16.66% | 0% | 0% |
| Executive Leadership Team | 0% | 0% | 0% |
| Executive Team and other Senior Managers | 6.25% | 4.17% | 9.09% |

Maintaining & Retaining our Talent (Training and Development) - As a business we understand the importance of retaining and developing our colleagues' skills and knowledge to ensure that we are equipped to flourish. In providing relevant and accessible training and development interventions, we are committed to investing in personal and professional development, helping to increase job satisfaction, and reduce employee turnover. We take a targeted approach to our sustainability training, focusing on specific roles responsible for ownership and delivery of our decarbonisation workstreams. Our 'Trusted Leadership' programme (which focuses on equipping participants with the skills, knowledge and behaviours of creative and inspiring leaders who are committed to self-improvement and supporting others) saw twenty six colleagues from across all areas of the business complete the programme with a further ten colleagues currently in the programme, providing promotional opportunities and developing our internal skills pipeline.

The programme provided workshops, expert sessions and support surgeries. This year has seen a focus on utilising the apprenticeship levy as a financially viable alternative to external training solutions. An example of this is the promotion and development of OE (Operational Excellence) champions from across the business who have completed an apprenticeship 'Improvement Practitioner' course and which recognised the development needs of a growth business with an OE focus. The ability to utilise the levy enabled the business to provide a formal qualification from existing funds, with 22 colleagues benefiting for the period FY2025/2026. In addition, our apprenticeship training currently has 20 apprentices in learning across a variety of disciplines and levels.



Staff turnover- Employee turnover is tracked and internally reported monthly as a way of monitoring and tracking the success of our retention initiatives. We undertake exit interviews with colleagues who depart to ensure we capture feedback that can inform our strategy. In addition to this we also survey colleagues on completion of their first three months in the business. Identifying any issues or ideas early in their tenure ensures a quick resolution and seeks to prevent unnecessary turnover while monitoring the success and impact of our recruitment practices.

Responsible partnerships

Supplier management- We continue to work closely with our suppliers and customers, with a focus on aligning our sustainability objectives. Our supplier code, ethical trading policy, and modern slavery policies undergo annual reviews, and we have recorded no compliance issues or concerns in the year. This report will be the last that will report against a KPI that measures against 'non-trade' suppliers. In the past we excluded our publisher clients in this metric despite publishers accounting for the lion's share of our annual supplier spend because they do not transact through our specific digital procurement platform which requires confirmation of compliance to our policies prior to registration. This year has seen us engage with these publisher clients (both newspaper and magazine clients) to ensure that they either sign up to our policies or confirm that they comply with their own policies which are at least equal to or no less onerous than ours. Going forward we propose moving to a reporting process which measures against our 'total supplier' spend. Ensuring responsible standards in our supply chain is a focal point of our procurement policies. All preferred suppliers must adhere to our supplier code, modern slavery, and anti-bribery policies, and demonstrate their commitment to upholding these standards. Further information is available on our website under 'Working Responsibly - Smiths News'.

The Company remains actively engaged in monitoring and enhancing supply chain standards, leading the way in best practices and adopting the voluntary codes of the Press Distribution Forum (PDF), which operates under a service charter with a complaints process benefiting all members. Stage 1 pre-complaints across all news wholesalers in the UK reduced from 137 in 2023 to 82 in 2024, with those related to Smiths News decreasing slightly from 43 to 42 in the same period. Most formal complaints were linked to delivery timeliness followed by order management. We are dedicated to resolving issues before they escalate to formal complaints, with recent PDF analysis showing that the average time to conclude a complaint comfortably meets the 28-day deadline, with

Smiths News averaging 18.3 days (compared to 14.1 days in 2023). Additionally, beyond the PDF Charter requirements, Smiths News continues to implement an automatic service failure payment scheme in cases where the daily news is delivered over two hours late, irrespective of inbound delivery times that may be beyond our control. This scheme, exceeding the PDF Charter and our contractual obligations, continues to be well received by retailers and their representative trade bodies. Payments in FY2025 under this scheme fell by 26% compared to FY2024 demonstrating the improvement in our delivery time performance over the year.

Data and cyber security- Cyber security remains a critical focus area for the business, with ongoing initiatives aimed at strengthening our security posture across the entire IT estate. During the review period the Board acknowledged the recent high-profile attacks on multiple UK businesses, and additional measures which have been taken to safeguard Smiths News, including technical and procedural controls. Cyber incident simulations and specialist training have taken place, and our response plan has been tested as well as the completion of two phishing campaigns with learnings implemented. The ongoing security assurance program, wider business continuity testing and awareness training help to keep the business prepared for current and future threats. Some of the key activities this year include the modernisation of critical systems, including a new warehouse management system and an integration platform, which has allowed the business to move away from ageing systems and which brings enhanced security. Additionally, the move to a leading 24/7 security provider for security services is providing much greater capability to detect and defend against threats in real time. Additional enhancements have been made to our email and internet security gateways, delivering stronger protection against external cyber threats. Training programmes have also been deployed to improve colleague vigilance against social engineering attacks, including phishing attempts. Please see the Audit Committee Report on page 92 for more details.



Responsible partnerships

| Ambition | KPI | FY2024 | Progress FY2025 | FY2026 |
|---|--|--------|-----------------|--|
| Responsible partnerships through ethical sourcing, a sustainable supply chain and secure data management | 5. 95% of non-trade suppliers* registered on our procurement system and that have agreed to our supplier code of conduct | 98% | 98% | We will continue to engage with our supplier network to ensure that all preferred suppliers meet our sustainability compliance requirement |
| | 6. Protection of data: 98% of PC User Colleagues with current certification security/data protection awareness, supported by two anti-phishing campaigns within the year | 95.65% | 98.3% | Security and data protection awareness certification and identification and addressing of data security risks Anti-phishing campaigns 2x yearly Recording and reporting of data breaches (% of personal data and number of customers affected) |

* Non-trade suppliers do not include publisher clients

Sustainability Report continued

 Community

“
Smiths News makes an active and substantial contribution to communities we serve throughout the UK by ensuring widespread availability of news and information, including to remote rural locations that would not typically receive a regular delivery of many other products.”

Our 'We Care' network group serves as our charity and community forum, comprising colleagues from various departments across the Company. This colleague-led group is dedicated to coordinating CSR charity and community initiatives throughout Smiths News. The primary goal of the 'We Care' group is to facilitate a positive impact on our local communities by providing support to charities and community groups. It oversees all charitable requests, including a colleague-matching pot funded by the Company and a six-month dedicated charity focus, and operates two working groups focusing on Volunteering and Charity respectively. Additionally, the forum actively promotes the use of our volunteer day benefit for colleagues, collaborating with local councils to explore available resources and opportunities, and maintaining our commitment to contributing both financially and through the dedicated time of our colleagues. Specifically, we extend support to NewstrAID (Charity supporting workers within the print industry), the industry-specific charity for publishing professionals, and Pass It On.

During FY2025 we commenced a share forfeiture process to remove “gone away” shareholders from our share register as well as a structured forfeiture of associated unclaimed dividends, with the Board committed to ring fence proceeds from this exercise and for them to be directed and used to support charitable activities. In FY2026 we intend to report of the amount recovered from this exercise and the manner in which some of the proceeds have been distributed.

For more information and case studies on our community engagement please refer to our Stakeholder Engagement Report on page 32.

| Community | | | | |
|--|---|-------------------|---|--|
| Ambition | KPI | FY2024 | Progress FY2025 | FY2026 |
| Contribute to the communities in which we operate through both charitable donations, Colleague-led volunteering and Community engagement | 7. Number of volunteer days and financial contribution to charity | 32 £25,550 | Volunteer days/ sessions: 55 Financial contribution: £27,663 | We will conduct a review of our We Care team's progress and initiatives, identifying what has had the most impact in the last 12 months. We will be launching a whole company team initiative, enabling colleagues to work together to raise money for charities important to them. |



Environment (including TCFD Report)

Most of our emissions arise from the goods which we procure (including the newspapers and magazines that we distribute), our logistics network and the movement of products and our people. As such, collaboration with our suppliers and outsourced logistics providers is vital in ensuring we effectively manage our climate-related risks and reduce our emissions. Our climate risk reporting is aligned to the TCFD framework, as required by UKLR:6.6.6R(8), and to the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. A table has been provided in the Appendix to map each disclosure element to relevant sections of this report.

We actively manage our climate risk and have made significant progress in our data collection, validation and reporting processes (including calculating our full value chain emissions), understanding our climate-related risks and opportunities and adapting our corporate governance structure to ensure we are able to achieve our ambitions. In FY2023, we set emission reduction targets aligned to climate science (set against a FY2022 baseline), evidencing our commitment to reduce our impact and play our part in mitigating the impacts of climate change and we continue to monitor legislation and will review and adapt our strategy and processes to ensure they remain compliant and fit for purpose.

Metrics and targets- In FY2024 we did not report our Scope 3, categories 1, 4 and 6 emissions as we were undertaking a validation of the category 1 data (which comprises emissions from purchased goods and services), the largest contributor to our overall GHG emissions. Accordingly, having completed this review in the year this has led us to rebase our category 1, 4 and 6 emissions from the original data set in FY2022, resulting in a 21.9% reduction in the revised baseline (see below) from which to report ongoing progress.



Metrics and Targets

| Ambition | Measure/KPI | FY2024 | Progress FY2025 | FY2026 |
|--|--|--|--|--|
| <p>Reduction of emissions - Scope 1 and 2 and risk mitigation: for reputational risk.</p> <p>Leadership Incentive linked target: 4.96% YoY emission reduction.</p> | <p>8. 55% absolute emission reduction across Scope 1 and 2 by FY2033, compared with FY2022 baseline. (FY2022 baseline originally was Scope 1: 1,536 tCO₂e and Scope 2: 916 tCO₂e but in 2024 was restated at Scope 1: 1,554.9 tCO₂e and Scope 2: 854.1 tCO₂e)</p> | <p>Scope 1: -9.92% reduction from restated baseline (1,358.8 tCO₂e)</p> <p>Scope 2: -5% reduction from restated baseline (813.4 tCO₂e)</p> | <p>FY2025 annual emissions results from restated baseline (FY2022)</p> <p>Scope 1: -24% reduction from restated baseline (1,176.4 tCO₂e)</p> <p>Scope 2: -21% reduction from restated baseline (675.0 tCO₂e)</p> | <p>Review company car policy to understand viability of changing to EV only.</p> <p>Develop detailed three-year refurbishment plan for the upgrade of sites and to reduce emissions.</p> <p>Review solar panel options on large sites.</p> |
| <p>Reduction of emissions- Scope 3 and risk mitigation: against reputational risk and 'Impact of extension of low emission zones across major UK local authorities'</p> | <p>9. 9.55% absolute emission reduction across Scope 3 categories 1, 4 and 6 by FY2033, compared with FY2022 baseline comprising purchased goods and services, upstream transportation and distribution, and business travel (FY2022 baseline originally was 257,298 tCO₂e but in 2025 was restated at 200,952 tCO₂e)</p> | <p>Scope 3: -21% reduction from rebased baseline (158,275 tCO₂e)</p> | <p>Scope 3: - 30.18% reduction from rebased baseline (140,292.76 tCO₂e)</p> | <p>We will continue to engage with our suppliers, especially our publisher clients, and evaluate the joint-influence of our consolidated strategy on a collective emissions profile.</p> |
| <p>Leverage opportunities to improve own packaging compliance (based on regulatory packaging data) with 100% diversion of waste from landfill.</p> | <p>10. Report scope to improve own packaging (based on regulatory packaging data) with 100% diversion of waste from landfill</p> | | <p>100% diversion of waste from landfill</p> | <p>Trialling alternative packaging methods to reduce volumes/plastic.</p> |

Sustainability Report continued

Scope 1 and 2 Emissions reduction- In FY2025 Smiths News' total Scope 1 and 2 location-based emissions came to 1,851.4 tCO₂e (FY2024: 2,172.2 tCO₂e), a 14.8% decrease compared with our previous financial year and a 23.1% reduction since our FY2022 restated baseline (2,409.0 tCO₂e). Although we have recorded an increase in FY2025's energy use in both hybrid and electric company cars this is attributable to our move to a fully hybrid/electric fleet and is offset by the complete reduction of petrol and diesel in the company car fleet. Although the electricity utilisation has increased, this has been impacted by the emissions factor for electricity which ultimately delivered a decrease in emissions. We continue to identify and implement emission reduction activities as required by SECR (see detail SECR report and list of activities below).

Scope 3 Emissions reduction (value chain emissions)- Scope 3 emissions that sit within the boundary of our target (categories 1, 4 and 6) have seen a decrease year-on-year of 11.36%. In FY2024 we did not report on our Scope 3 emissions as we were undertaking detailed verification processes around our data collection methodology. We have now completed a data check and the output of this is a rebasing across Scope 3 which has resulted in a 22% reduction in our baseline from 257,298 tCO₂e to 200,952 tCO₂e and all comparatives given are against the new restated FY2022 baseline.

Category 1 (purchased goods and services) decreasing by 12.35% (17,212.59 tCO₂e) due primarily to a decrease in the estimated weight of newspapers and magazines purchased in the year which has come about as well as to the provision of more reliable data being made available to the Company.

Category 4 (transportation and distribution) saw a 3.4% decrease attributable to a decrease in trunking mileage albeit partially offset by an increase in contractor mileage. Category 6 (business travel) saw an overall 17.1% decrease, driven primarily by a reduction in air travel (56%) and a 79% decrease in taxi spend, together partially offset by a 9% increase in rail travel and an 11% increase in hotel stays. We understand that our largest emission source is from our purchased goods and services in category 1. In light of this, we acknowledge that the reduction of Scope 3 emissions requires a collaborative approach with all our colleagues, outsourced delivery drivers, and publishers of both newspapers and magazines which we purchase and distribute as a wholesaler. We continue to engage with our suppliers, especially our publisher clients who as producers of the newspapers and magazines that we distribute, account for the majority of our Scope 3 category 1 emissions and evaluate the joint-influence of our consolidated strategy on a collective emissions profile.

This year has seen us focus a great deal of our time on the reliability of our data and ensuring it is accurate and repeatable. Our project team has also expended considerable time and energy on better understanding and interrogating this data, including how we collect and calculate our emissions across our whole business, with a focus on ensuring that what we report is correctly defined, properly measured and accurately reported. This was a worthwhile exercise which has allowed the Committee to better interrogate the data and reach a greater awareness and understanding of the Company's emissions and energy usage, impact and management.

This review has led to a mapping of all data collection processes which has provided additional comfort in respect of accuracy as well as the reliability of the underlying processes. Where data gaps were identified, these have been corrected. As none of these identified gaps resulted in a material discrepancy of more than 5%, no rebasing of comparator years has been required.

SECR - The Company reports against the Streamlined Energy and Carbon Reporting (SECR) requirements (Companies (Directors' Report)) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018). The data detailed in the table below represents emissions and energy used for which the Company is responsible including energy used in our offices and depots, and fuel used in company-owned or operated vehicles. To calculate our emissions, we have used the main requirements of the Greenhouse Gas Protocol Corporate Standard along with the UK Government GHG Conversion Factors for Company Reporting 2025. Any estimates included in our totals are derived from actual data which have been extrapolated to cover the full reporting year. In line with best practice and our ongoing commitment to improving data quality, we have enhanced the accuracy of our contractor mileage reporting under the voluntary Scope 3 category this year.

* Through this process, where possible, we have replaced estimated electricity and gas consumption with actual figures while also identifying that some data may have been omitted from last year's disclosure, thus enhancing our data quality. To ensure consistency and comparability, we have recalculated the relevant aspects of last year's emissions and restated the comparative figures in this year's disclosure. This allows for a more accurate year-on-year comparison and aligns with best practice in environmental reporting.

| SECR Disclosure | 2025 | 2024 ³ | 2023 |
|--|--------------|-------------------|--------------|
| Emissions from the combustion of fuel or the operation of any facility, including fugitive emissions from refrigerants use/tCO ₂ e - Scope 1 emissions ¹ | 1,176 | 1,359 | 1,503 |
| Emissions resulting from the purchase of electricity, heat, steam or cooling by the Company for its own use (location-based)/tCO ₂ e - Scope 2 emissions ¹ | 675 | 813 | 876 |
| Total gross emissions/tCO₂e | 1,851 | 2,172 | 2,379 |
| tCO ₂ e per £ million turnover | 1.74 | 1.97 | 2.2 |
| tCO ₂ e per FTE | 1.30 | 2.04 | 1.6 |
| Energy consumption used to calculate above emissions/kWh | 9,100,827 | *10,059,957 | 11,079,725 |
| Estimated emissions from the mileage covered by our outsourced delivery drivers (tCO ₂ e) - Scope 3 emissions ² | 11,435 | *10,368.3 | 9,085 |

1. Estimated data equates to 0.2% of consumption for Scope 1 and 3% for Scope 2.

2. Please note that this value covers the emissions from our outsourced mileage which includes delivery contractor mileage and trunking. Other logistics associated with pre- and post-distribution runs and purchased courier or postage services are not included in this total but are currently in calculation as they form part of our Scope 3 target boundary.

3. It should be noted that 2024 was a 53-week year while 2025 is a 52-week year.

 Environment (including TCFD Report) continued

Actions to reduce Scope 1, 2 and 3 emissions during FY2025



Sustainability Report continued

Waste – we continue to look for ways to reduce the generation of waste across our business and where this is inevitable, we investigate opportunities for repair, recycling and reusing of materials. Within the business we encourage all colleagues to recycle and have widely distributed bins and actively encourage a sortation of our waste. As part of our recycling collection process and in-house generated waste, we ensure as much is recycled as possible, with a second sortation process undertaken at our depots in order to remove any recoverable recyclable materials.

We provide bins across our whole network to enable proper segregation of waste materials and encourage repair and reuse where possible, with the introduction of segregated food waste in FY2025 in line with the Simpler Recycling regulations. Operationally we annually assess waste generation across all of our locations including monitoring of strapping machines to guard against the production of unnecessary strapping caused through damage to the machines as well as investigating alternative materials to remove plastic usage which remains a focus of all purchasing. Our Waste from Electrical and Electronic Equipment

(WEEE) is processed through our partner, Restore PLC (formerly PRM Green) which broadly includes the recycling of scrap components and metal. To supplement this, the Company has a policy of repairing equipment where possible. All unsold newspapers are collected from our retail customers and recycled, with unsold magazines also collected and recycled with any cover mounted gifts (prominent across the Youth & Children's market) salvaged for reuse in future issues or territories.

Please also see the focus report on Recycle page 08.

Climate Scenario Analysis

| Time Horizons | Carbon Scenarios Considered & Description | Assumptions |
|--|--|---|
| Short: 2028 Medium: 2033 Long: 2033+ | IEA Net-Zero by 2050: 1.5°C aligned Early implementation of societal actions and policy towards a low carbon economy, resulting in the limitation of global warming in line with the aspirational Paris 1.5°C increase. Selected as higher transition risk in this scenario. | <ul style="list-style-type: none"> Population: 45% increase Fossil fuel price peaks in 2030 Advanced economies reach net zero in 2045 Transition reliant on energy sector Reliant on rapid deployment of available technologies as well as technologies that are not yet on the market Smiths News emissions reduce in line with SBT trajectory |
| | RCP 8.5: high carbon (>3°C) Failure to implement change and limited policies to address global warming. Selected as highest impact from physical risk. | <ul style="list-style-type: none"> High population growth Strong reliance on fossil fuels Slow technological progress |

Risks and Opportunities

Using our enterprise risk management system, we consider risks and opportunities associated with all of our Sustainability pillars, specifically taking into account material significance factors which may prevent us from achieving our stated KPIs. In line with regulatory requirements, we also consider both the risks and opportunities that climate change presents to our business. Risks include both physical risks, potentially impacting our ability to service our customers and communities, and transition risks, which could escalate operating costs or diminish overall revenue.

We have established science-aligned emission reduction targets aimed at reducing climate change, supported by other appropriate mitigation measures, further details of which can be found in the Risk Management Report on page 67.

The transition to a low carbon economy has also presented new opportunities for the business, with Smiths News Recycle (see page 08) established to support retailers within the local communities in which we operate to increase their recycling rates and reduce waste to landfill.

Climate Scenario Analysis (CSA)

In line with the TCFD guidance, in FY2021 we conducted qualitative climate scenario analysis (CSA) using multiple carbon scenarios and time horizons. Taking into account the horizon to achieving net zero and given that our business is on the cusp of change we believe that it would be speculative to make any sort of accurate prediction regarding emissions, and thus also the reduction thereof. We have nevertheless attempted to model our business over longer timeframes in an endeavour to start to understand and adapt to risks and harness opportunities which may materialise or be realised over a longer horizon.

Our CSA process involved stakeholders from across the business, representing different functions and split across operational and leadership roles. The plausible future scenarios were considered, and a materiality assessment undertaken to map the impact to our business against its importance to stakeholders and to prioritise the most material risks. These risks were then rated against our risk impact thresholds, as more fully explained in the Risk Management Report on page 67, to help to understand the severity of the potential impact on the business, and the likelihood that the risk may occur. No updates to the assessment or the assumptions have taken place since 2021. All risks are classified and rated using the 'likelihood' and 'impact' measures as is more fully explained in our Risk Management Report (page 67). In addition, climate-related physical

risks are also classified by further reference to the duration/term, as follows:

Term

- Short term – 2028, particularly with a focus on climate-related transition risks and policy frameworks.
- Medium term – between 2029 and 2033, particularly with a focus on climate-related transition risks and policy frameworks aligned to meet climate goals and some limited physical impacts.
- Long term – 2033, taking into account climate-related science-based projections and physical impacts.

We conduct two formal risk assessments per year, with the starting point being to identify risks and opportunities, including those specifically related to climate change relevant to us as a business. During this qualitative assessment we considered the impact of acute and chronic physical risks (extreme weather events, temperature increases, flooding and sea level rise) as well as possible transition risks covering market, technology, policy and legal and reputation. We have identified five climate-related risks as potentially material to the business, using the same threshold as our standard risk management process, these have been amalgamated as the principal business risk of 'sustainability' in our Group risk register, which is considered, interrogated and challenged by the Audit Committee, the Executive Leadership Team, and the Board.

Environment (including TCFD Report) continued

A dedicated sustainability risk register has been developed and is monitored by the Sustainability Committee and Sustainability Steering Group, to ensure general sustainability and more specifically, climate-related risks and opportunities are monitored and reassessed frequently. As well as risks, we have also identified climate-related opportunities, including lowering operating costs through energy efficiency and diversification of income streams to offer our customers effective ways to increase their recycling rates, leading to the establishment of Smiths News Recycling. While our climate-related and sustainability risks have remained consistent we have seen some changes in both the likelihood and impact of some of these, primarily because of the embedding of some of our mitigation actions but also because of the changing landscape in relation to other aspects as explained below. More information in this regard is available on page 08 and 67.

Risk assessments

| Physical Risk | Impact | Likelihood | |
|---|----------|------------|--|
| Increase in extreme weather events (Acute) Medium- to long-term risk | Minor | Possible | Increased temperature and frequency of extreme weather events such as flooding or more extreme heat days increase the risk of fire and/or flooding, inhibiting or delaying people and vehicle access to our locations. This can also lead to more energy consumption to ensure a safe operational environment. To mitigate this risk, we continue to review our depot network using public flood assessments and insurance data. Relocation will be considered where deemed necessary, with cooling equipment hired and deployed during critical periods. |
| Decreasing fuel availability and/or increasing fuel prices (chronic) Medium to long-term risk | Moderate | Unlikely | This risk has decreased as we believe the event may occur only in exceptional circumstances, and we have not seen any negative impact on fuel availability/price despite geopolitical unrest in Middle East and when there were historic escalations/shortages we were able to operate at minimum disruption. Recent macro geopolitical events have caused market volatility and while currently this has stabilised, we continue to monitor the risk to our business which may include increased competition for resource, shortages impacting deliveries, negatively impact operational costs and profitability as well as damaging the Company's reputation and relationships. |
| Transitional risk | | | |
| Impact of extension of low emission zones across major UK local authorities (Policy) together with possible increase in vehicle tax for older/ diesel vehicles Short- to medium-term risk | Moderate | Possible | This risk has been rated as moderate given that we have not seen significant moves to extend the low emission zones. The extension of low emissions zones and/or an increase in vehicle tax for certain vehicles has the potential to increased distribution costs for final mile delivery resulting in higher operation costs for the Company, with supply to some customers potentially proving economically or operationally unviable, reducing our revenue and profitability. Longer term, the capital costs of using electric vehicles would require the Company's distribution model to be reassessed. To partially mitigate this risk, we have looked to an adaptation of our distribution model through consolidation of last mile delivery routes in order to minimise operational costs. A new transport management system (expected to be operation in Spring 2026) is expected to further mitigate risk here through the adoption of dynamic routing. |
| Potential for energy supply limitation/ blackouts (Market) Short- to medium-term risk | Moderate | Unlikely | Energy demand may exceed supply during peak times resulting in energy rationing including blackouts Insufficient UK energy capacity to meet demand at peak times, such as periods of extreme cold or hot weather may result in energy rationing and/or blackouts causing service interruptions to our depots, data centres and offices. This could result in increased investment being required to enable the business to withstand service interruption e.g. on-site back-up generation. |
| Increasing regulatory requirements and reputational risk Short- to medium-term risk | Minor | Possible | Given the current direction of travel we do not anticipate significant increased regulatory requirements which would create any undue compliance challenges. While increasing ESG regulatory requirements and reporting obligations remain a reality there have been some indications of a more pragmatic approach by Regulators across the world. We remain committed to meeting all compliance requirements and continue to monitor trends, developments and pending legislation while engaging with stakeholders to manage perception and expectations to safeguard the reputation of the business and manage compliance costs. |

Other risks

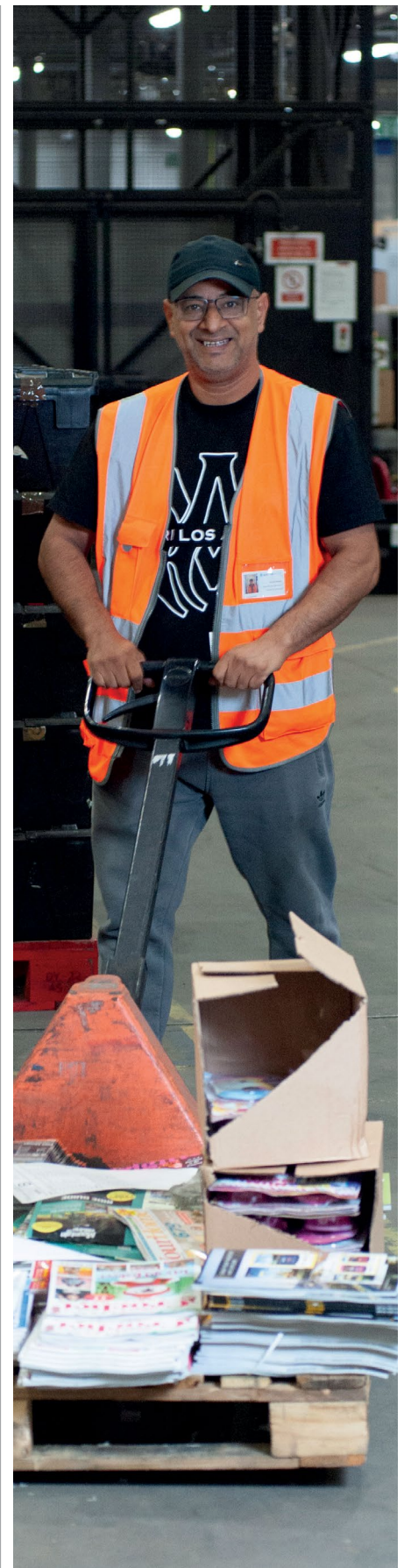
Within the context of our Sustainability KPIs (but outside of climate risks) we have also identified health and safety; cyber security and diversity as risks which we look to manage and mitigate effectively against.

Sustainability Report continued

Non-financial and sustainability information statement and non-financial key performance indicators

There are a number of additional data sets which are part of the overall Sustainability focus but which are not identified as specific KPIs against which we measure and track our performance, and which have been addressed in more detail in other parts of this Annual Report as indicated in the table below. These should be read in conjunction with this report, with information required to be included in our non-financial and sustainability information statement under sections 414CA and 414CB of the Companies Act 2006 also to be found in the following places in this Annual Report:

| Topic | Cross reference Section | Page reference | |
|-----------------------------------|--|--|-----|
| Employment and Social Information | Job security | People report | 28 |
| | Training | People Report | 28 |
| | | Sustainability Report | 42 |
| | Health and Safety | People Report | 28 |
| | | Audit Committee Report | 92 |
| | Gender and diversity composition | People Report | 28 |
| | | Nominations Committee Report | 102 |
| | Pay gap reporting | People Report | 28 |
| | Fair pay and financial support, including Colleague support fund | People Report | 28 |
| | Staff turnover | People Report | 28 |
| | Mental health and wellbeing | People Report | 28 |
| | | How we support our people / S172 statement | 32 |
| | Flexible working | People Report | 28 |
| | Freedom of Association | | 29 |
| Human Rights | Responsible Partnerships section of this Sustainability Report | 51 | |
| | Modern Slavery Statement which is available on our website: www.smithsnews.co.uk/wp-content/uploads/Modern_Slavery_Sept_2025_for_FY26.pdf | | |
| Bribery and Corruption | Audit Committee Report | 92 | |
| | Anti-Bribery Policy which is available on our website: www.smithsnews.co.uk/wp-content/uploads/Anti-Bribery_Policy_July_2025.pdf | | |
| Corporate Governance | Governance section of this Sustainability Report | 48 | |
| | Corporate Governance Report | 76 | |
| Environmental | Environmental section of this Sustainability Report | 53 | |
| Ethics and Culture | Corporate Governance Report | 74 | |
| Colleague Engagement Director | Corporate Governance Report | 74 | |
| | Stakeholder Engagement S172 statement | 32 | |
| Whistleblowing | Audit Committee Report | 92 | |
| Board training | Corporate Governance Report | 74 | |



Environment (including TCFD Report) continued

| Taskforce on Climate-related Financial Disclosures (TCFD) Recommendation | | Relevant Section | Companies (Strategic Report) (Climate-related Financial Disclosure (CFD)) Regulations | | Relevant Section |
|--|--|---|---|--|--|
| Governance | | | | | |
| A | Describe the Board's oversight of climate-related risks and opportunities. (Full Disclosure) | Sustainability Report Corporate Governance Report | A | Describe the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities. (Full Disclosure) | Sustainability Report Corporate Governance Report |
| B | Describe management's role in assessing and managing climate-related risks and opportunities. (Full Disclosure) | | | | |
| Strategy | | | | | |
| A | Describe management's role in assessing and managing climate-related risks and opportunities. (Full Disclosure) | Sustainability Report table | A | Describe i) the principal climate-related risks and opportunities arising in connection with the Company's operations, and ii) the time periods by reference to which those risks and opportunities are assessed. (Full Disclosure) | Sustainability Report table |
| B | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. (Partial Disclosure) | Sustainability Report table Impact of risks and opportunities assessed but impact on strategy and financial planning still under assessment. | B | Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy. (Full Disclosure) | Sustainability Report table |
| C | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. (Full Disclosure) | Sustainability Report | C | An analysis of the resilience of the Company's business model and strategy, taking into account consideration of different climate-related scenarios. (Full Disclosure) | Sustainability Report table |
| Risk Management | | | | | |
| A | Describe the organization's processes for identifying and assessing climate-related risks. (Full Disclosure) | Risk Management Report Sustainability Report Assumptions of climate scenarios used could be expanded. | A | Describe how the company identifies, assesses, and manages climate related risks and opportunities (Full Disclosure) | Risk Management Report Sustainability Report |
| B | Describe the organization's processes for managing climate-related risks. (Full Disclosure) | Risk Management Report Sustainability Report | | | Risk Management Report Sustainability Report |
| C | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. (Full Disclosure) | Sustainability Report | B | Describe how processes for identifying, assessing, and managing climate related risks are integrated into the company's overall risk management process. (Full Disclosure) | Sustainability Report |

Sustainability Report continued

| Taskforce on Climate-related Financial Disclosures (TCFD) Recommendation | | Relevant Section | Companies (Strategic Report) (Climate-related Financial Disclosure (CFD)) Regulations | | Relevant Section |
|--|---|-----------------------|---|--|-----------------------|
| Metrics and Target | | | | | |
| A | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. (Full Disclosure) | Sustainability Report | A | Describe the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based. (Full Disclosure) | Sustainability Report |
| B | Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. (Full Disclosure) | Sustainability Report | B | N/A | Sustainability Report |
| C | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. (Full Disclosure) | Sustainability Report | C | Describe the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets. (Full Disclosure) | Sustainability Report |

Sustainability Terminology

| | |
|-------|---|
| ESG | Environment, Society, Governance |
| FCA | Financial Conduct Authority |
| IFRS | International Financial Reporting Standards |
| LSTA | Loan Syndications and Trading Association (ESG financing) |
| SASB | Sustainability Accounting Standards Board |
| SBTi | Science Based Targets initiative (SBTi) |
| SDG | Sustainability Development Goals |
| SECR | Streamlined Energy and Carbon Reporting Regulations |
| TCFD | Task force on Climate-Related Financial Disclosures |
| UNDGs | UN Global Compact – UN Development Goals |



Financial Review

Overview

In FY2025 the Company traded ahead of expectation, maintaining adjusted operating profit at £39.1m and increasing adjusted profit after tax to £27.0m despite one week less trading in the reporting period.

This has led to an 8% increase in the ordinary dividend, paid at 2x cover in line with the Company's capital allocation policy. The Company continues to demonstrate good cash generation, augmented this year by additional one-off receipts of £6.9m, including £5.4m from the McColls administrator, which support the proposal of a 3.0p (£7.3m) special dividend, compared to 2.0p (£4.8m) in FY2024.

The Company's financial results in FY2025 represented 52 weeks of trading, compared to 53 weeks in FY2024. The additional week benefitted revenue in FY2024 by £20.8m (1.9%) and adjusted operating profit by £0.9m and did not include any significant one-off items.

Revenues of £1,064.0m (FY2024: £1,103.7m), were down 3.6% on the prior year, of which 1.9% related to the 53rd week. The remaining movement excluding the 53rd week of -1.7% was below the historic trend of -3% to -5%. Additional sales of collectables in FY2025 more than offset revenues made in FY2024 from the Men's UEFA Football Championships, while the decline in revenue from newspapers and magazines was within with our long-term guidance of -3% to -5%.

Adjusted operating profit of £39.1m was an increase of £0.9m excluding the impact of the 53rd week with beneficial margin mix and continuing operation cost focus driving improved performance.

Adjusted profit after tax increased by £2.3m to £27.0m with lower debt levels and banking fees reducing net interest cost (£2.6m lower) and a lower effective tax rate owing to the successful resolution of overpayments made in previous tax years. Consequently, Adjusted EPS increased by 0.8p to 11.1p and this has resulted in a total ordinary dividend of 5.55p for the year in line with the Company's capital allocation policy.

Adjusting items after tax were a credit of £1.3m (FY2024 credit of £0.8m) and included a release of the provision for McColls receivables (FY2025: £3.7m; FY2024: £0.6m), as well as legal expenses of £0.7m and technology programme improvement costs of £0.7m.

Free cash flow of £36.1m (FY2025: £7.3m) included a working capital inflow (£4.1m) compared to an outflow in FY2024 (£17.0m), both the result of timing differences in the Company's normal working capital cycle. Excluding these movements, the FY2025 cash flow of £32.0m was higher than FY2024 £24.3m due to lower interest costs and higher income from adjusting items (FY2025: £5.1m inflow, FY2024: £0.4m outflow) which included £5.4m of cash recovered from the McColls administrator and £1.5m tax refund in respect of the return of surplus of the Smiths News pension scheme which occurred in FY2022.

Bank net debt improved by £14.3m from £11.0m (debt) in FY2024 to £3.3m (cash) in FY2025, the first time the Company has reported a net cash position but noting the working capital timing benefit of £4.1m during the year.

A final ordinary dividend of 3.8p per share (£9.2m) is proposed by the Board, which makes a total full year ordinary dividend of 5.55p (£13.5m) an 8% increase compared to 5.15p in FY2024 (£12.5m). A special dividend of 3.0p (£7.3m) compared to 2.0p in FY2024 (£4.8m), is also proposed to be paid alongside the final ordinary dividend in February 2026 reflecting the distribution of one-off items received during the year.

Revenue

Revenue was £1,064.0m (FY2024: £1,103.7m), down 3.6%, but 1.7% excluding the impact of the 53rd week in FY2024. Lower newspaper and magazines volumes were offset by the benefits of News UK and Midlands News Association contract wins (Q2 FY2024), cover price increases, increased sales of trading card and sticker collectables and increased revenue from new verticals.

Newspaper revenue decreased by 3.1% excluding the impact of the 53rd week and the annualisation of FY2024 contract wins. Magazine revenue was down 4% excluding the 53rd week. Both newspapers and magazine revenue decline rates are within our long-term expectation of -3% to -5%.

Revenue from collectables increased by 17% excluding the 53rd week, with good Premier League and Champions League football collections and the popularity of the current Pokémon series. The success of these ranges more than offset the year-on-year impact of the men's UEFA European Championships which benefitted FY2024.

Operating profit

Adjusted operating profit £39.1m was the same as FY2024 (£39.1m) and included the following items:

- A 53rd week of trading in FY2024 (£0.9m) compared to 52 weeks in FY2025
- Improved contribution from sales of collectable products (£2.5m) and in particular Pokémon, which included the benefit of £1.2m of one-off stock sales
- The net benefit of cost reduction plans within depot and overheads (£4.9m), which largely offset increases to the cost base driven by inflation (£4.5m) and the impact of changes to National Insurance Contributions (£0.5m)
- Additional technology costs (£0.7m) including license fees for newly implemented technology
- The impact of other costs (£0.8m) including £0.4m in trials for new services and products

Profit after tax

Net finance charges of £3.3m (FY2024: £5.9m) were driven by a lower net debt, lower interest rates and the write-off of unamortised fees in FY2024 relating to the previous financing facility. Taxation of £8.8m (FY2024: £8.5m) was higher than the prior period due to higher profit before tax. Profit after tax of £27.0m (FY2024: £24.7m) was £2.3m higher than last year and has driven an increase in the ordinary dividend, in line with the Company's capital allocation policy.

Financial Review continued

Statutory Revenue

£1,064.0m

(FY24: £1,103.7m)

Adjusted Operating Profit

£39.1m

(FY24: £39.1m)

Adjusted Profit after Tax

£27.0m

(FY24: £24.7m)

Dividend per Share

8.55p

(FY24: 7.15p)

Table A: Adjusted results Group

| £m | 52 weeks to 30 Aug 2025 | 53 weeks to 31 Aug 2024 | Change | 52-week basis |
|---------------------------|----------------------------|----------------------------|----------|------------------|
| Revenue | 1,064.0 | 1,103.7 | (3.6%) | (1.7%) |
| Operating profit | 39.1 | 39.1 | - | 2.4% |
| Net finance costs | (3.3) | (5.9) | 44.1% | |
| Profit before tax | 35.8 | 33.2 | 7.8% | |
| Taxation | (8.8) | (8.5) | (3.5%) | |
| <i>Effective tax rate</i> | 24.6% | 25.6% | (100bps) | |
| Profit after tax | 27.0 | 24.7 | 9.3% | |

Table B: Statutory results Group

| £m | 52 weeks to 30 Aug 2025 | 53 weeks to 31 Aug 2024 | 52-week basis |
|---|----------------------------|----------------------------|------------------|
| Revenue | 1,064.0 | 1,103.7 | (3.6%) |
| Operating profit | 41.2 | 40.0 | 3.0% |
| Net finance costs | (3.3) | (5.9) | 44.1% |
| Profit before tax | 37.9 | 34.1 | 11.1% |
| Taxation | (9.6) | (8.6) | (11.6%) |
| <i>Effective tax rate</i> | 25.3% | 25.2% | 10bps |
| Profit attributable to equity shareholders | 28.3 | 25.5 | 11.0% |

Table C: Earnings per share

| | Adjusted | | Statutory | |
|---|----------------------------|----------------------------|----------------------------|------------------|
| | 52 weeks to 30 Aug 2025 | 53 weeks to 31 Aug 2024 | 52 weeks to 30 Aug 2025 | 52-week basis |
| Earnings attributable to ordinary shareholders (£m) | 27.0 | 24.7 | 28.3 | 25.5 |
| Basic weighted average number of shares (millions) | 242.4 | 240.3 | 242.4 | 240.3 |
| Basic earnings per share | 11.1 | 10.3 | 11.7 | 10.6 |
| Diluted weighted number of shares (millions) | 250.2 | 251.1 | 250.2 | 251.1 |
| Diluted earnings per share | 10.8 | 9.8 | 11.3 | 10.2 |

Table D: Dividends

| | 52 weeks to 30 Aug 2025 | 53 weeks to 31 Aug 2024 |
|---------------------------------|----------------------------|----------------------------|
| Dividend per share (proposed) | 8.55p | 7.15p |
| Dividend per share (recognised) | 7.15p | 4.50p |

Table E: Adjusting items

| £m | 52 weeks to 30 Aug 2025 | 53 weeks to 31 Aug 2024 |
|---|----------------------------|----------------------------|
| Tuffnells (costs)/credits | (0.8) | 0.2 |
| Technology transformation costs | (0.7) | (0.1) |
| Network and reorganisation costs | (0.1) | (0.1) |
| Impairment reversal in investment in joint ventures | - | 0.3 |
| Impairment of receivables – McColl's | 3.7 | 0.6 |
| Total before tax | 2.1 | 0.9 |
| Taxation | (0.8) | (0.1) |
| Total after taxation | 1.3 | 0.8 |

Table F: Free cash flow

| £m | 52 weeks to 30 Aug 2025 | 53 weeks to 31 Aug 2024 |
|---|----------------------------|----------------------------|
| Adjusted operating profit | 39.1 | 39.1 |
| Depreciation & amortisation | 9.5 | 8.5 |
| Adjusted EBITDA | 48.6 | 47.6 |
| Working capital movements | 4.1 | (17.0) |
| Capital expenditure | (4.5) | (4.4) |
| Lease payments | (6.5) | (5.9) |
| Net interest and fees | (3.2) | (5.0) |
| Taxation | (8.8) | (8.5) |
| Other | 1.3 | 0.9 |
| Free cash flow (excluding Adjusting items) | 31.0 | 7.7 |
| Adjusting items (cash effect) | 5.1 | (0.4) |
| Free cash flow | 36.1 | 7.3 |

Table G: Bank net cash/debt

| £m | As at 30 Aug 2025 | As at 31 Aug 2024 |
|--|----------------------|----------------------|
| Opening | (11.0) | (4.2) |
| Free cash flow | 36.1 | 7.3 |
| Dividend paid | (17.4) | (10.8) |
| Purchase of shares and cash held by employee benefit trust | (4.4) | (3.3) |
| Closing | 3.3 | (11.0) |

Adjusted Earnings per Share

11.1p

(FY24: 10.3p)

Average Bank Net Cash/ (Debt)

£3.3m

(FY24: (£11.7m))

Free Cash Flow

£36.1m

(FY24: £7.3m)

Financial Review continued

Statutory results Group (Table B)

Statutory profit after tax of £28.3m was a £2.8m increase on the prior year (FY2024: £25.5m), resulting from the £2.3m increase in Adjusted profit after tax described above and a £0.5m higher benefit from adjusting items (FY2025 £1.3m credit; FY2024: £0.8m credit).

Earnings per share (Table C)

Adjusted basic earnings per share of 11.1p, was an increase of 0.8p on the prior year driven by the increase in earnings of the business, offset by an increase in the average number of shares as a result of the employee benefit trust holding fewer shares.

Statutory basic earnings per share increased by 1.1p to 11.7p (FY2024: 10.6p) due to the benefit of adjusting items.

Dividends (Table D)

The Board is proposing a final ordinary dividend of 3.80p per share (FY2024: 3.40p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 29 January 2026 and has not been included as a liability in these accounts. The Board is also proposing a special dividend of 3.0p per share. These dividend recommendations follow the capital allocation policy which was revised following the Company's refinancing in May 2024.

The proposed dividends will each be paid on 5 February 2026 to shareholders on the register at close of business on 9 January 2026. The ex-dividend date will be 8 January 2026.

Adjusting items (Table E)

Adjusting items after tax was a net credit of £1.3m, compared to a net credit of £0.8m in the prior year period, both periods including a release of the provision for McColls receivables originally made in FY2022.

Tuffnells costs of £0.8m arose from professional fees incurred in responding to information requests from the Pensions Regulator in respect of its investigation into the Tuffnells defined benefit pension scheme (£0.7m), and an increase in provisions to settle insurance claims (£0.1m). Technology transformation costs of £0.7m related to enhancements made to technology infrastructure, and £0.1m of costs arose from 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. Of the initial provision of £4.4m, £4.3m has therefore been released (£0.6m in FY2024 and £3.7m in FY2025).

In the prior period, the Company also reversed the remaining impairment held on the Rascal joint venture of £0.3m and released insurance provisions made following Tuffnells entering into administration of £0.2m. These credits were partially offset by £0.1m of reorganisation costs in relation to simplifying the Group structure and £0.1m in respect of technology transformation costs.

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 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 (Table F)

Free cash flow of £36.1m (FY2024: £7.3m) was £28.8m higher than last year in part due to the impact of the 53rd week in FY2024, which was a net outflow of £15.7m and the benefit of £5.1m of adjusting items in FY2025 which included £5.4m of cash received from the McColls administrator.

There was a working capital inflow of £4.1m in FY2025 which and an outflow of £17.0m in FY2024. The FY2025 inflow arose from increased collectables trading in the second half of the year, while the FY2024 outflow related to payments made to publishers in the 53rd week and part of the Company's normal working capital cycle at the end of the calendar month.

Capital expenditure in the period was £4.5m (FY2024: £4.4m), an increase of £0.1m and including £1.2m of spend relating to the Company's three-year investment programme.

Lease payments of £6.5m (FY2024: £5.9m) increased by £0.6m, driven by rent renewals.

Net interest and fees of £3.2m (FY2024: £5.0m) decreased by £1.8m, due to lower net debt.

Cash tax outflow of £8.8m (FY2024: £8.5m) was an increase on the prior period of £0.3m, owing to higher levels of profit.

Other items include non-cash share-based payment expense.

The total cash impact of other Adjusting items was a net inflow of £5.1m (FY2024: outflow of £0.4m).

In the current period, there were two significant inflows; £5.4m was received from the McColls administrators, and a £1.5m tax refund in respect of the return of surplus of the Smiths News pension scheme which occurred in FY2022. Offsetting these items were £0.8m of professional fees in respect of the Pensions Regulator's investigation into the Tuffnells pension scheme, £0.7m relating to technology investments, £0.2m settlement of Tuffnells insurance claims and reorganisation costs of £0.1m.

In the prior period, the outflow of £0.4m resulted from the £0.2m settlement of Tuffnells insurance claims, technology investment of £0.1m, and reorganisation costs of £0.1m.

A reconciliation of free cash flow to the net movement in cash and cash equivalents is given in the Glossary.

Net cash/debt (Table G)

Bank net cash closed the year at £3.3m compared to Bank net debt of £11.0m at 31 August 2024, an improvement of £14.3m.

Average daily bank net debt moved from £11.7m (net debt) in the prior period to average Bank net cash of £3.3m in the current period, reflecting good ongoing cash generation and benefitting from increased collectables trading within the working capital cycle.

Total dividends paid during the year amounted to £17.4m (FY2024: £10.8m), an increase of £6.6m. The FY2024 final ordinary dividend of £8.3m was paid in February 2025 (FY2024: £6.7m), alongside a special dividend of £4.9m, bringing the total dividend paid in respect of FY2024 to £17.4m. The Company also paid an interim ordinary dividend in July 2025 of £4.2m (FY2024: £4.2m).

Reported net debt is impacted by the timing of the Company's working capital cycle. The intra-month working capital cash flow cycle generates a routine and predictable cash swing within the overall bank facility of £40.0m (FY2024: £40.0m) at the period end. This results in a predictable fluctuation of net debt during the month compared to the closing net debt position.

The Company's Bank net cash: Bank EBITDA ratio improved to -0.1x (FY2024: Debt ratio of +0.3x) which is within our main leverage covenant ratio of +2.5x. We remain within all our other bank covenant tests at period end.

A reconciliation of Bank net debt (which excludes IFRS 16 lease liabilities and unamortised arrangement fees) to the balance sheet and Bank EBITDA (which uses pre-IFRS16 lease accounting) to the profit and loss account is provided in the Glossary.

Viability Statement

1. How the Group assesses its prospects

The Group's business activities and strategy are central to assessing its future prospects. These, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 02 to 73. The financial position of the Group, its cash flows and liquidity are highlighted in the Financial Review on page 61.

The Group manages its financing via drawdowns from a revolving credit facility. The Group's prospects are assessed primarily through its business planning process. This includes an annual review which considers profitability, the Group's cash flows, committed funding and liquidity positions and forecast future funding requirements over the assessment period of three years. The most recent review was approved in September 2025, and it is part of the Board's role to consider the appropriateness of any key assumptions, taking into account the external environment, current inflationary pressures in the economy and business strategy.

2. The assessment period

The Directors have determined that a period of three years to August 2028 is an appropriate assessment period over which to provide its viability statement. This period is consistent with that used for the Group's corporate planning process as detailed above and reflects the Directors' best estimate of the future prospects of the business, including the nature and potential impact of the principal and emerging risks that face the business.

The Board noted in considering the appropriate assessment period that the Group's banking facilities are due to expire in May 2028 with the option of a further one-year extension and that publisher contracts covering 93% of current revenue are secured until 2029. The Board also considered whether there are any specific foreseeable events relating to the principal and emerging risks that could occur beyond this three-year period which should be taken into account when setting the three-year assessment period and concluded there were none.

3. Assessment of viability

In generating its plan, the Board has considered the overall strategy of the Group, the principal and emerging risks and uncertainties inherent within the business, as well as making a number of key strategic planning assumptions which are noted below:

1. Continued decline in volumes of printed media during the assessment period offset by price increases;
2. The impact of inflationary pressures in the economy, including fuel and energy prices and their impact on the Company's delivery and warehouse cost base;
3. The benefit of cost reduction programmes in delivery and warehouse costs and in overheads;
4. The continuing development of new and ancillary revenues;
5. No major changes in working capital profile;
6. No significant acquisitions or disposals in the assessment period; and
7. Application of the Company's current capital allocation policy.

In making this statement, the Directors have carried out a robust assessment of the Group's emerging and principal risks, including those that could threaten its business model, future performance, solvency or liquidity, and also considered the potential impacts of climate change. Consideration has been given to the availability and effectiveness of mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. In assessing the likely effectiveness of such actions, the Board considered the conclusions from its regular review of risk management and internal control systems (as described on page 92).

To make the assessment of viability, 'stress' scenarios have been tested over and above those in the Board's business plans, based upon a number of the Group's principal and emerging risks and uncertainties (as documented on page 67). The scenarios were overlaid into the business plan to quantify the potential impact of one or more of these crystallising over the assessment period. Whilst each of the principal and emerging risks on page 67 has a potential impact and has been considered as part of the assessment, only those that represent severe but plausible scenarios were selected for modelling through the business plan. These are shown in the table below.

The scenarios below are hypothetical and severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group; however, multiple control measures are in place to prevent and mitigate any such occurrences from taking place.

In each of the stress scenarios 1-5, the Group would be able to continue operating within its existing debt covenants and liquidity headroom. Scenario 6 requires such an extreme set of factors in unison that it is considered to be a remote likelihood and, therefore, does not represent a realistic threat to the viability of the Group but, rather, illustrates the factors that could result in a covenant or liquidity breach.

The Directors considered mitigating factors that could be deployed to counter the negative effects of the crystallisation of each of these scenarios and risks. The main actions that could be taken in such circumstances include reducing any non-essential capital expenditure and operating expenditure on projects, working capital management to smooth debt peaks (including supplier finance arrangements), increasing the principal facility amount by exercising the £10m accordion option in the RCF Facility, cancelling discretionary annual bonus payments, share schemes vestings and EBT purchases, identifying other cost savings, as well as not paying dividends.

Viability Statement continued

| Scenario modelled | Link to principal risks |
|--|--|
| <p>Scenario 1 Changes to retailers' commercial environment</p> <p>The business plan assumes all major retailers will continue to stock their current newspaper and magazine range over the assessment period. We have modelled a scenario that reflects one or more supermarket multiples removing their magazine offering.</p> | <p>Risk 2: Macroeconomic uncertainty and Risk 3: Changes to retailers' commercial environment: Deterioration in the macroeconomic environment and the risk of a reduction in sales space and/or full delisting of newspapers and/or magazines by our largest retailers.</p> |
| <p>Scenario 2 New vertical initiatives are not executed successfully</p> <p>The business plan assumes profit from strategic growth and diversification activities within the next three years. We have modelled a scenario in which only 50% of these targets are met.</p> | <p>Risk 2: Macroeconomic uncertainty and Risk 5: Execution risk within the three growth verticals : Deterioration in the macroeconomic environment and/or the failure of the news wholesaling operations to deliver profit expectations impacts the Company's ability to execute growth initiatives.</p> |
| <p>Scenario 3 Forecast savings targets are not met</p> <p>The business plan assumes both operational and overhead savings throughout the period in Smiths News. We have assumed 33% of these efficiency savings are not achieved.</p> | <p>Risk 2: Macroeconomic uncertainty Risk 4: Acquisition and retention of labour and Risk 5: Execution risk within the three growth verticals: The risk that inflationary cost increases, the absence of managerial talent and resources used for new business growth opportunities detrimentally affect the execution of planned cost reduction.</p> |
| <p>Scenario 4 Increased number of congestion charge zones</p> <p>The business plan assumes that new congestion charge zones are implemented at their historic frequency and impact. We have modelled an accelerated frequency and increased fiscal impact.</p> | <p>Risk 6: Sustainability and climate change: The risk that increasingly stringent air quality targets make it more costly for the Company to undertake newspaper and magazine wholesaling activities and growth initiatives.</p> |
| <p>Scenario 5 Major newspaper titles exit the market</p> <p>The business plan assumes all major newspaper titles will continue over the assessment period. We have modelled a scenario that reflects one or more newspapers publishers removing their paper edition from the market.</p> | <p>Risk 2: Macroeconomic uncertainty Risk 7: Major newspaper titles exit the market or move to digital only editions: One or more national newspaper titles exit the market and/or publications are taken fully digital, leading to a deterioration in the Company's profitability.</p> |
| <p>Scenario 6 Reverse stress test – revenue loss, margin erosion and cost inflation in combination to create either a headroom liquidity or covenant breach</p> <p>This combines an extreme series of factors in unison to illustrate what would result in a covenant or liquidity breach of the bank facility headroom.</p> | <p>Multiple risks: A combination of risks, also including those relating to Cyber Security (risk 1) and Legal and Regulatory Compliance (risk 8), both of which are inherently uncertain in value.</p> |

4. Viability statement

In light of the scenario modelling noted above, the Directors are confident that headroom under the Group's banking facilities remains adequate and covenant tests can be met during the assessment period. As noted above, in making this viability statement the Directors have also considered an alternative view by applying a reverse stress test to the Group's financial models. A reverse stress test is where scenarios are considered that lead to a breach of either the total available facility or one or more of the covenants. The Directors consider that the risk of the combination of events leading to such breaches combined with the Group not being able to enact mitigating actions is remote.

Taking into account the Group's current position and principal risks and emerging risks, the Directors confirm that they have a reasonable expectation that the Group will remain viable over the period of assessment to August 2028.

5. Going concern

The Group meets its day-to-day working capital requirements through its bank facilities of £40m, which is in place until 2 May 2028 with the option of a further one-year extension.

The Group's forecasts, taking into account the Board's future expectations of the Group's performance, indicate that there is sufficient headroom within the current banking facilities and the Group will be able to continue to operate within the covenants during the assessment period.

Considering the principal and emerging risks discussed in this report, the Directors have a reasonable expectation that the Group and the Company can meet its liabilities as they fall due for a period greater than 12 months (being an assessment period of 16 months) from the date of approval of the Group Financial Statements. Thus, the Group and the Company continue to adopt the going concern basis in preparing its consolidated financial statements which are shown on pages 138 to 169.

Risk Management

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.

The Audit Committee assists the Board in the discharge of its duties regarding the Company's maintenance of proper systems of risk management and control. Assurance over the effectiveness of these systems is provided through regular management reporting to the Audit Committee. We have an established risk management process to identify both risks and opportunities through a bottom-up/top-down approach. This includes a combination of processes encompassing an analysis of trends, engagement with key stakeholders, benchmarking with peers, brainstorming, comparison against standard risk checklists, 'cause and effect' analysis, review of processes and procedures, and the robust maintenance of our developed risk management framework and registers. The risk management process mirrors the Company's operating structure, with each functional area being responsible for the ongoing communication and feedback of their existing and emerging risks.

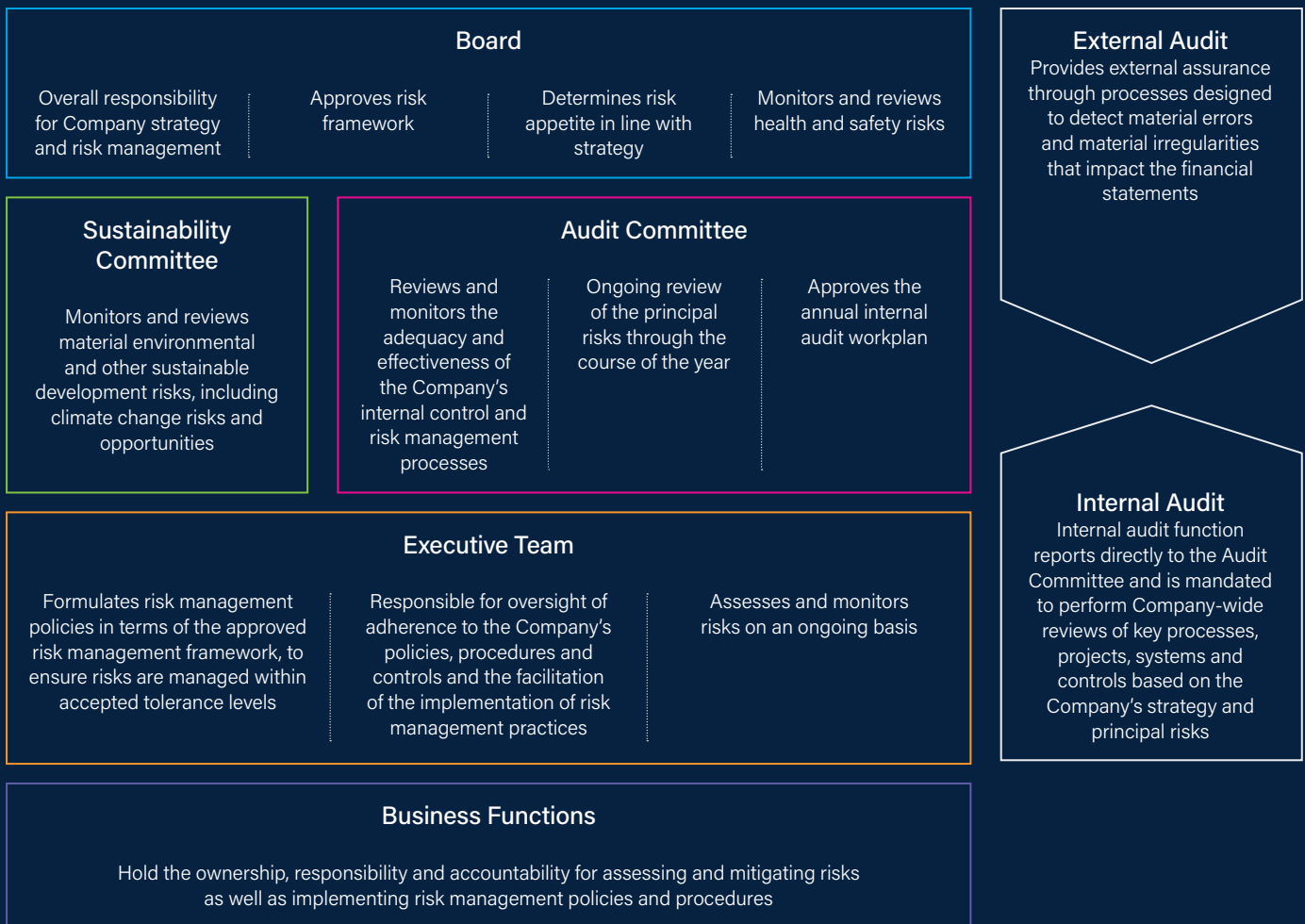
This process comprises the identification, assessment and effective mitigation of their functional risks, as well as continuous monitoring for forthcoming changes and/or impactful regulatory updates on the horizon. Risks are plotted on risk maps with descriptions, owners and mitigating actions using a risk rating matrix which takes into consideration both the likelihood of the risk event occurring and the magnitude of the impact in the event that the risk event occurs. The final risk rating matrix used to identify principal risks is based on the residual risk that the Company faces after taking into consideration the internal control environment and related mitigating actions and controls. These risk maps are reviewed and challenged by the Executive Team and Audit Committee and reconciled against the Company's risk appetite. As part of the regular principal risk process, a review of emerging risks (internal and external) is also conducted, and a list of emerging risks is maintained and rolled-forward to future discussions by the Executive Team and Audit Committee. Where appropriate, these emerging risks may be brought into the principal risk registers. Additional risk management support is provided by external experts in areas of technical complexity to complete our bottom-up and top-down exercises.

The Company manages risk by operating a "three lines of defence" risk, control and assurance model.

| Operational Management | Management / Subject matter experts review and assurance | Independent assurance |
|---|---|--|
| <ul style="list-style-type: none"> Key policies and procedures covering the principal areas of business conduct are approved by the Board and each business function is required to adhere to these policies. Management is responsible for regularly reviewing its functional operating, financial and sustainability performance and for preparing and reviewing monthly reports as appropriate. All managers are required to complete an annual internal control assessment and provide written confirmation of compliance with Company policies and procedures. This formal confirmation highlights any control weaknesses or deficiencies identified. | <ul style="list-style-type: none"> Management is responsible for regularly reviewing the operating, financial and sustainability performance, including monthly management accounts. Management is responsible for a detailed assessment of current market conditions. All significant functional processes have Board-approved policies in place against which conduct and performance are regularly assessed and measured. | <ul style="list-style-type: none"> Internal and external audit. Regular reviews and vetting by external regulatory and non-regulatory parties, as required – e.g. ISO certification, annual insurance assessments, sustainable development report assurance and information security programmes. |

Risk Management continued

Risk management is embedded in all decision-making processes and captured in our policies, procedures and delegated authorities, with ongoing review by the Board and risk assessments forming part of all growth initiatives.



Risks are classified by impact and likelihood, a description of which is as follows:

| Likelihood: | | |
|---------------|---|------------|
| | Description | % |
| Highly likely | Event will probably occur in most circumstances | >70% |
| Likely | Event will occur at some point | 30-70% |
| Possible | Event could occur | 10% to 30% |
| Unlikely | Event may occur in exceptional circumstances | <10% |

Impact:

The impact of an identified risk is rated as critical, serious, moderate or minor, with defined criteria for each rating across financial, commercial, operational, technical services, health and safety, people and legal/regulatory categories.

Risk management is embedded in all decision-making processes and captured in our policies, procedures and delegated authorities, with ongoing review by the Board and risk assessments forming part of all initiatives in new verticals.

| Operational Management | Management / Subject matter experts review and assurance | Independent assurance |
|---|---|--|
| <ul style="list-style-type: none"> Key policies and procedures covering the principal areas of business conduct are approved by the Board and each business function is required to adhere to these policies. Management is responsible for regularly reviewing its functional operating, financial and sustainability performance and for preparing and reviewing monthly reports as appropriate. All managers are required to complete an annual internal control assessment and provide written confirmation of compliance with Company policies and procedures. This formal confirmation highlights any control weaknesses or deficiencies identified. | <ul style="list-style-type: none"> Management is responsible for regularly reviewing the operating, financial and sustainability performance, including monthly management accounts. Management is responsible for a detailed assessment of current market conditions. All significant functional processes have Board-approved policies in place against which conduct and performance are regularly assessed and measured. | <ul style="list-style-type: none"> Internal and external audit. Regular reviews and vetting by external regulatory and non-regulatory parties, as required – e.g. ISO certification, annual insurance assessments, sustainable development report assurance and information security programmes. |

Internal Controls

The Audit Committee reviews the business's risk management and internal controls framework, which includes the accepted three lines of defence referred to on page 67, with day-to-day business, operational and control processes falling within the responsibility of operational management (who constitute the first line of defence). Executive management and subject matter experts provide policy direction and oversight of operations (thereby representing the second line of defence). Finally, both the internal and external audit functions undertake a review of the effectiveness of the business's control functions and provide the third assurance level in respect of Company disclosures and upon which the Audit Committee and Board can rely. As such, the Audit Committee receives updates of the findings of Internal Audit's investigations at every meeting. Whilst it is the responsibility of functional team leaders to assess and confirm (as first and second lines of defence) that controls and processes are being adhered to, these outputs are continually tested by the Internal Audit team as part of its annual work plan, which is agreed with the Audit Committee and upon which it relies. Compliance with internal control systems is also further monitored annually by the completion of a self-assessment checklist by senior managers in consultation with their respective operational teams and this (together with any areas of concern) is reported to the Audit Committee.

Furthermore, the Audit Committee's review of the risk management and internal controls framework include:

- a review of the risk profile, our collective appetite to risk and the internal control framework, reviewing the processes for identifying, evaluating and managing the principal business risks (together with the emerging risks) that we face, including those that would threaten the Company's business model, future performance, solvency or liquidity;
- the consideration of updates from the business and functions, covering current and anticipated risks, together with corresponding mitigating actions. These include such issues as people management, operational depot processes, procure to pay, payroll services, cyber security, climate-related risk events, and the impact of the current high-inflationary economic pressures;
- a review of operational controls, processes and systems, together with robust business continuity planning ("BCP") to mitigate a range of service interruption scenarios;
- a review of payroll controls to ensure that they are robust and remain fit for purpose going forward;
- a review of the Company's whistleblowing processes and procedures;

- consideration of the cash management and treasury policy, with particular focus on a review of surplus cash held from time to time; and
- a review of the mitigations and controls in place to protect the business and the continued oversight of the effectiveness of our cyber-risk management plans.

That said, the Company's risk management and internal control system is designed only to manage or mitigate risk rather than to eliminate it entirely, as taking on manageable net risk is an inherent part of undertaking the Company's commercial activities and can only provide reasonable (and not absolute) assurance against material misstatement or loss.

Risk Appetite

A critical element of the Company's risk management review is the determination of the extent to which the Company is willing to 'accept' a level of net risk as part of the cost of 'doing business' and delivering against its strategy. To this end, the Board's individual and collective risk appetite is periodically reviewed, considering changes in the business and the external environment, as well as emerging trends and developing risks. Our risk appetite differs across the respective principal and emerging risks, with a lower acceptance appetite (seeking to reduce the risk profile and mitigating its impact where possible) for high impact/high likelihood risks and with a higher acceptance level (potentially accepting the risk, with limited impact mitigation) for low impact/low likelihood risks.

Principal Risks

During FY2025 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 we are now adding to our risk registers 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. The Board has noted that in the execution of its growth and diversification strategy, new emerging risks have been identified. 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, the development of our three growth verticals and any other market changes across our business and industry sector, together with 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 all but one of our identified principal risks remaining stable, with a reduction in the acquisition and retention of labour risk in light of vacancies (internally and amongst the outsourced final mile delivery contractors) having stabilised at a consistently lower level each month and our colleague turnover comparing favourably versus our sector. 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.

Furthermore, in line with TCFD requirements, during this review process the Board has also continued to interrogate the nature of climate-related risks identified by management to date, with a number of transitional and physical-related risks having been identified using a scenario analysis (further details of which are set out in the Sustainability Report on page 42) which are primarily focused on the business's direct operations.



Risk Management continued

The Board acknowledges that the risk profile of these climate-related risks may well evolve over time as we continue engagement with our key suppliers, customers and stakeholders across our supply chain and particularly after affording an opportunity to more fully consider the impact of these on our business and, more specifically, on and the wider industry sector. However, as part of this oversight process, the Board considered whether the previously established climate-related risks identified in the prior risk management assessment should remain as a principal risk or not.

Following a period of review, it was concluded that the risk should remain of a principal nature given that, should it ever manifest, it could have a serious impact on the Company. In addition, we continue to include related risks across all our sustainability pillars – for these purposes please refer to our Sustainability Report on page 42. While our climate-related and sustainability risks have remained consistent we have seen some changes in both the likelihood and impact of some of these, primarily because of the embedding of some of our mitigation actions but also because of the changing landscape in relation to some aspects such as the risk of availability of fuel.




More information in this regard is available in our Sustainability Report on page 42.

In light of the above, we have therefore been able to maintain a stable number of principal risks but with a reduction in the number of emerging risks identified by the Board given that those events previously identified as emerging were, in fact, already broadly under review either as part of another principal or emerging 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 |
|---|---|---|
| <p>1. Cyber security</p> <p>Global trends demonstrate a continued high volume of cyber-attacks against all industry sectors and that cyber threats continue to indiscriminately evolve.</p> <p>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.</p> <p>Cyber incidents could lead to major adverse customer, financial, reputational and regulatory impacts.</p> | <ul style="list-style-type: none"> 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 specialists, including 24/7 security monitoring, incident response 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. | <p>Strategic link Technology</p> <p>Change </p> <p>Despite ongoing investment and enhancements in the Company's IT infrastructure and IT security the backdrop remains heightened, leading to a stable risk assessment.</p> |
| <p>2. Macroeconomic uncertainty</p> <p>Deterioration in the macroeconomic environment could result in supply-side cost inflation and/or a reduction in demand-side sales volumes.</p> <p>Supply-side macroeconomic 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.</p> <p>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.</p> | <ul style="list-style-type: none"> 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. | <p>Strategic link Costs and efficiencies, Operations</p> <p>Change </p> <p>Whilst the UK economy has grown in 2025, inflation remains above the Bank of England's target range. Increases in the National Living Wage continue to match or exceed inflation. Employers' national insurance contributions increased in April 2025 and have added to the Company's cost base. The tightening of standards pursuant to the Employment Rights Bill is expected to create further cost pressures.</p> |

Key

 Increasing  Stable  Decreasing

| Principal risks and potential impact | Mitigations | Strategic link/change |
|---|---|--|
| 3. Changes to retailers' commercial environment | | |
| <p>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.</p> <p>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.</p> | <ul style="list-style-type: none"> • Our EPOS-based returns (EBR) solution has been introduced in-store with our largest retailers, improving staff efficiency in managing the magazine category, thereby reducing cost to the retailer. • Potential to extend EBR to newspapers in order to broaden efficiency-benefits to retailers. • Supply-side shrink activities underway and renewed focus improve channel profitability and reduce complexity associated with the category. • 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. | <p>Strategic link: Costs and efficiencies</p> <p>Change </p> |
| 4. Acquisition and retention of labour | | |
| <p>Due to competition and constraints in the current distribution labour market, this could lead to an increased risk of being unable to recruit and/or retain warehouse colleagues and support staff.</p> <p>The same pressures are also being felt in sourcing and retaining delivery sub-contractors as well as filling in-house roles within our central support functions.</p> <p>A failure to maintain an appropriate level of resourcing could result in increased costs, employee disengagement and/or loss of management focus which underpin our ability to address the strategic priorities and to deliver forecasted performance.</p> | <ul style="list-style-type: none"> • We seek to offer market competitive terms to ensure talent remains engaged. • We offer long-term contracts with our sub-contracted delivery partners. • We use a variety of platforms to recruit employees and contractors. • The level of vacancies across warehouse and delivery contractors is monitored daily. • We undertake workforce planning; performance, talent and succession initiatives; learning and development programmes; and promote the Company's culture and core values. • Retention plans are reviewed to address key risk areas, and attrition across the business is regularly monitored. • Regular surveys are undertaken to monitor the engagement of colleagues. | <p>Strategic link People first, Culture and values, Costs and efficiencies</p> <p>Change </p> <p>Vacancies have stabilised at a consistently lower level each month and our colleague turnover compares favourably with our sector. Retention challenges remain for specific job roles which are managed through agile and bespoke responses.</p> |
| 5. Growth and diversification within the three growth verticals | | |
| <p>A successful growth and diversification strategy is essential to the long-term success of the Company.</p> <p>Implementing new business opportunities in order to grow the Company's revenue and profit streams carries an execution risk to achieving our vision and purpose.</p> | <ul style="list-style-type: none"> • Strong project management and governance in place to sign-off new vertical activities and oversee their implementation. • A Growth Business Development Group and Growth Operations Delivery Steering Committee have been established to review and control new business opportunities and then plan and measure the impact of these opportunities on core operations. • Experimentation through trials of new business opportunities has been deployed to assess the demand and potential economic benefit of such opportunities. • The Executive Leadership Team's balanced scorecard of key performance indicators ensures sub-optimal performance is tracked and monitored on a regular basis and allows appropriate interventions to be made. | <p>Strategic link Costs and efficiencies</p> <p>Change </p> <p>Our growth verticals' initiatives are expected to become a more significant part of our business over time, leading to space and capacity constraints at both our sites and in our vehicles potentially increasing. In addition, layering in of change projects such as our investment in a Warehouse Management System, and the Operational Excellence programme may create management bandwidth and operational pressure pressures in the short-term before improvements become evident.</p> |

Risk Management continued

| Principal risks and potential impact | Mitigations | Strategic link/change |
|--|---|--|
| 6. Sustainability and climate change – for details of all Sustainability and climate-related risks please refer also to the Sustainability Report on page 42. | | |
| <p>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.</p> | <ul style="list-style-type: none"> 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. | <p>Strategic link: Cost and efficiencies, Operations, Sustainability</p> <p>Change =</p> |
| 7. Major newspaper titles exit the market or move to digital only editions | | |
| <p>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.</p> | <ul style="list-style-type: none"> 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. | <p>Strategic link Costs and efficiencies</p> <p>Change =</p> |
| 8. Legal and regulatory compliance | | |
| <p>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.</p> <p>Key areas of legal and regulatory compliance include:</p> <ul style="list-style-type: none"> GDPR Health and Safety Tax compliance Environmental legislation Employment law | <ul style="list-style-type: none"> 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. | <p>Strategic link Technology, Sustainability, Operations</p> <p>Change =</p> |

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 2018 edition of the UK Corporate Governance Code.



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Using our enterprise risk management system, we consider risks and opportunities associated with all of our Sustainability pillars.

Sustainability Risks

Increase in extreme weather events

Decreasing fuel availability and/or increasing fuel prices

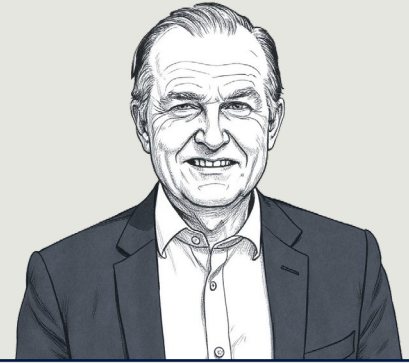
Impact of extension of low emission zones

Potential for energy supply limitation/ blackouts

Increasing regulatory requirements

For more information on our Sustainability Report on [page 57](#)

Chairman's Statement on Corporate Governance



David Blackwood
Chairman

Dear Shareholder

This section of our Annual Report supplements my opening Chairman's statement (see pages 12 and 13) and provides more specific details in respect of the Company's corporate governance overview, framework and approach.

Our governance framework, vision and culture provide the necessary foundation to enable the Company to achieve our strategy and purpose and, in doing so, provides assurance to our stakeholders of our commitment to accountability, transparency and responsibility. Accordingly, whilst much of the focus of the Board during FY2025 has revolved around our endeavours to maximise shareholder value and to ensure the long-term sustainable success of the Company which seeks to leverage our core competencies, skills and capabilities in 'pick, pack and despatch' activities across early morning final mile distribution and reverse logistics operations – these strategic priorities have been underpinned by our governance framework which continues to remain integral to all that we do, with the Board seeking to provide our leadership team with the necessary support and guidance to succeed.

I have been Chairman of the Board now for some five years, and the one governance requirement (see UKLR:6.6.6R(9)) which we have not been able to meet during that time relates to the Board's composition and, specifically, its diversity. As this is a 'comply or explain' requirement, I thought it would be helpful for me to give you a fuller explanation at this juncture on where we have made progress towards compliance. At the outset, let me apologise for any offence that I may inadvertently cause by referring to colleagues and others based on their ethnicity and gender rather than as to their skills and competence, but it is not possible to do otherwise for this aspect of the UK Corporate Governance Code (the Code) and Listing Rules compliance requirements. I am of the view that compliance here is actually quite challenging, with specific quota targets for team composition being very unusual and, in that regard, the Code and Listing Rules requirements are certainly the only examples I have personally come across. Board appointments, as with any appointment, are and should be based on need, with the primary criteria being the ability and contribution that any such appointment will bring to the Board, with diversity an important but secondary consideration.

To reverse the selection criteria would obviously be wrong, being discriminatory (and unsurprisingly a breach of the discrimination laws) and, I believe, would be acting contrary to shareholders' interests. Nonetheless, as at the date of last year's AGM (16 January 2025) I was pleased that the two appointments we had needed to make since I joined the Board in May 2020 were both female, one of whom would be considered ethnically diverse by the Code.

On 4 March 2025 we announced the resignation of Paul Baker, Chief Financial Officer, who will leave the business on 21 November 2025, leaving us to join a large private business operating in a different sector. I am happy to confirm that in line with the announcement made on 31 July 2025 Richard Clay has agreed to join the Company as Chief Financial Officer on 2 February 2026. Richard was the best candidate from a thorough search process as outlined in the Nominations Committee Report on page 102. Readers may be interested that we ended up with a decision between Richard and a very good female candidate whose appointment would have enabled further progress to meeting the governance requirements. However, the internal and external assessment (based on profiling) was that Richard was the best choice, so he was duly appointed.

Our next opportunity to make progress on this diversity requirement, absent anything unforeseen or an emerging need, will be in 2026 when Mark Whiting is likely to step down having served nine years on the Board. With Manju already in situ as Audit Chair-designate there will be a net reduction in Board size and a technical improvement towards the 40 per cent quota target. As Mark is also the Senior Independent Director (SID) this will however also present us with the opportunity to potentially address the additional requirement that at least one of the four main senior roles on the Board should not be occupied by a man.

Whilst it clearly remains unlikely that we will be fully compliant with the Code and Listing Rules requirement by the end of FY2026, it is my intention to provide a further update and explain any further progress at that point.

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Much of the focus of the Board during FY2025 has revolved around our endeavours to maximise shareholder value and to ensure the long-term sustainable success of the Company.

This year, as partly explained above, has seen a number of changes at Board level. At the conclusion of the AGM in January 2025 Denise Collis (independent Non-Executive Director and Remuneration Committee Chair) retired from the Board following the expiry of her nine-year term. Manju Malhotra joined us on 16 January 2025 and the intention remains for her to succeed Mark Whiting as Chair of the Audit Committee as he will reach his nine-year term at the conclusion of the AGM in January 2027. With the departure of Denise, Michael Holt stepped into the role of Chair of the Remuneration Committee while also retaining his role as Colleague Engagement Non-Executive Director.

Our Executive Leadership Team has also seen an addition, with the recruitment of a Managing Director (Adam Wylie) for our growing reverse logistics recycle operation for retailers across our network. Adam joined us in July 2025, enhancing our commercial and compliance expertise in this area and demonstrating our commitment to driving ongoing momentum in this area. More details regarding the changes to both the Board and Executive Leadership Team can be found in the Nominations Committee Report on page 102.

This year was the third year in the Board performance evaluation cycle and thus an external evaluation was undertaken by an external consultancy, EquityCulture Ltd. Once again, I am happy to report that the Board is functioning effectively and in accordance with good corporate governance principles, with a detailed report in this regard available on page 76. The ten-year period for the renewal of our all-employee and long-term share incentive scheme rules falls due at the AGM in January 2026 and we have therefore revisited these rules and made some minor changes to reflect updated market practice, details of which are set out in the Directors' Remuneration Report on pages 106 and the Notice of Meeting which accompanies the AGM in January 2026. This leads me to refer also to the Remuneration Policy which is reaching the end of a three-year maturity cycle and thus a new policy is to be put to shareholder vote at the AGM in January 2026, details of changes in our reward strategy and approach are set out in the Directors' Remuneration Report (see page 106). On the subject of colleague reward and remuneration, the Company continues to support our colleagues through education, awareness and engagement to promote and enable them to get the most out of the benefits structure and offerings made available by the Company. During the year, we migrated all colleagues to a monthly payroll schedule and supported colleagues during this process with an externally facilitated salary advance service which enabled colleagues to access up to 50% of their earned pay (after taxes and deductions) ahead of the new monthly pay date.

These activities have continued to be supplemented by our Colleague Support Fund – more details in this regard can be found in the People Report on page 28.

In addition to undertaking periodic visits to our operational sites, the Board undertook a formal night visit to our Nottingham final mile depot where Directors had the opportunity to meet colleagues, review operational processes and to better understand the potential risks, issues and challenges with regard to some of the business' operational processes, particularly in relation to the nascent new verticals. Jon Bunting (CEO), Paul Baker (CFO) and I have also had direct one-to-one engagements with our largest shareholders, providing an opportunity to discuss their perspectives and listen to their feedback on a variety of business issues, not least being that of our remuneration policy and reward strategy, our growth and diversification strategy, the future of print media and the impact of wider macro-economic and geopolitical considerations. These engagements, including those with our lenders and retail and publisher clients as well as with our colleagues (the latter driven by Michael Holt (Colleague Engagement Non-Executive Director)) remain an important part of our role as Board members and inform and guide the decisions we make in the interests of all the stakeholders in the Company as we seek to make balanced and considered decisions while, at the same time, delivering a long-term sustainable business (see Stakeholder Engagement table, including S172 statement, on page 32). Our commitment to health and safety saw FY2025 mark the first year of our revised three-year Health & Safety journey – Build, Rise, Lead. The purpose of this plan is to strengthen foundations, embed consistency across the network, and set a clear path for continual improvement, with a focus for this year on the embedding of consistent safety practices across operations, providing the platform for further improvement in incident prevention and cultural maturity. The Board continues to monitor all incidents and accidents as a standing agenda item at Board meetings. I am pleased to report our year-on-year reduction in the number of injuries and total accident frequency rate continues to improve (FY2025: 1.84 accident frequency rate (per 100,000 hours) FY2024: 2.29), which reflects a 19% decrease year-on-year.

During FY2024 we started to implement some changes to the way in which we presented our Annual Report, looking to tackle both its length and complexity, specifically looking to cut out repetitiveness and this year we have continued with that approach.

As the reporting requirements associated with ESG sustainability and corporate governance continue to grow, we have tried to focus on the areas which are considered to be material to our business and in respect of which specific key performance indicators have been identified, particularly in respect of each of our Sustainability pillars (please refer to our Sustainability Report which commences on page 42). After due consideration, we have decided to re-introduce a People Report as part of the Annual Report and which will supplement the Sustainability Report. In line with what we did last year we have again not included a provision-by-provision breakdown of our compliance against the 2018 edition of the UK Corporate Governance Code but have included a cross-reference table (see page 88) indicating how and where each provision has been met and reported herein. We hope this streamlined approach is welcomed by all readers.

In closing, on behalf of myself and the Board I would like to thank everyone connected with Smiths News for their unstinting contribution to another positive year for the business and to provide our continuing assurance that the Board and management will lead the business with dedication, focus and integrity. Once again, I would encourage all shareholders to attend and vote at the forthcoming AGM, either in person or by using the various electronic methods of engagement allowing you to exercise your vote and ensure your voice is heard. As a final reminder, in the light of the ongoing share forfeiture programme we are conducting with the Company's Registrars (EQ) to remove 'gone away' shareholders from the database, can I please take the opportunity to stress the importance of ensuring your electronic contact details maintained by EQ are kept up to date. Lastly, I look forward to seeing you at the AGM in Swindon and to reporting again this time next year.

David Blackwood

Chairman

3 November 2025

Corporate Governance

Our Board and Executive Leadership Team

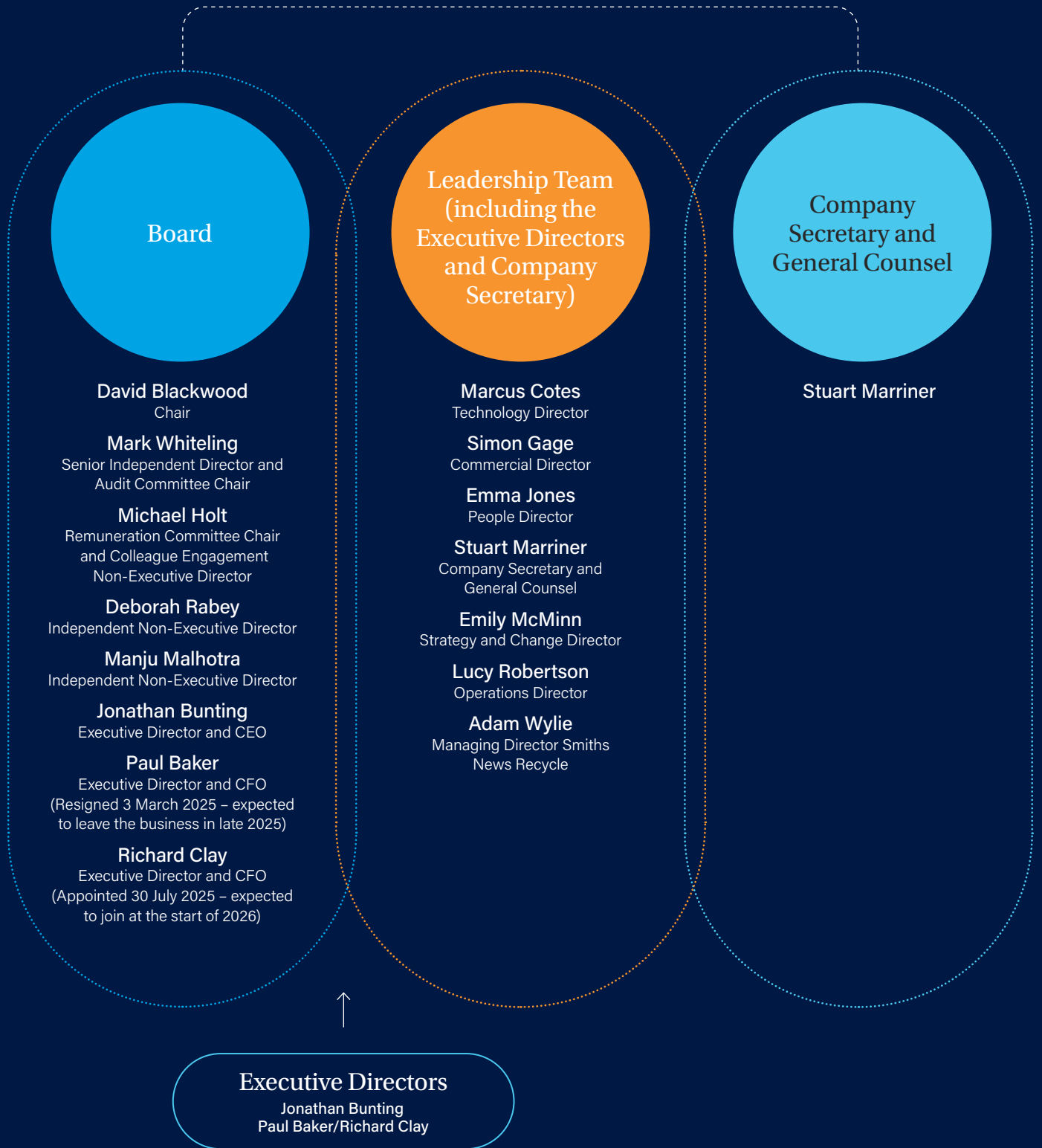
After a period of nine years on the Board, Denise Collis stepped down at the AGM in January 2025, having reached the end of her nine-year term with the Company.

Coinciding with Denise's departure, Manju Malhotra joined the Board on 16 January 2025 and Michael Holt assumed the role of Chair of the Remuneration Committee. Paul Baker, Chief Financial Officer, resigned on 3 March 2025 and left the business on 21 November 2025, to be replaced by Richard Clay who will join the Company on 2 February 2026.

In respect of the Executive Leadership Team, Phil White has stepped down following the conclusion of the financial year as a result of his retirement and, in July 2025, we welcomed Adam Wylie who will head up Smiths News Recycling. Further details in this regard are available in the Nominations Committee Report on page 102.



Board and Executive Leadership Team



Corporate governance continued

Composition and attendance

Board of Directors

After a period of nine years on the Board, Denise Collis is not expected to stand for re-election at the forthcoming AGM in January 2025, having reached the end of a nine-year period beyond which the 2018 Corporate Governance Code expects Ms Collis' independence requirements to potentially be seen to be impaired. As a consequence, the Board has commenced a search process, led by the Chairman, for the recruitment of a suitable candidate who would be able to join the Board, however at the time of reporting a suitable appointment has yet to be made.



N R S

David Blackwood Chairman

Year of appointment: 2020

Gender: Male

Ethnic origin: White

Citizenship: British

Disability: None

David has extensive business and listed company experience, notably in Finance, Audit and Risk. David uses his experience and knowledge to lead the Board in reviewing and approving management's plans for the development of the Company's strategy and operational and financial performance. As Chair of the Nominations Committee, David is also responsible for leading the assessment of the capabilities and skills of the executive and non-executive leadership, and for longer-term succession planning.

Most recently, David has been a non-executive director of Dignity plc (until June 2020), Scapa Group plc (until April 2021) and The Go-Ahead Group plc (until October 2022) where, in respect of Dignity and Scapa he served as chair of the audit committee and as a member of the Go-Ahead audit committee and, otherwise in each case, as Senior Independent Director and as a member of the nomination and remuneration committees. He was formerly Chief Financial Officer of Synthomer plc where he was employed for seven years, stepping down in 2015, prior to which he held a number of senior roles within Imperial Chemical Industries plc (ICI). David has also previously served as a member of the Cabinet Office Audit and Risk Committee and on the Board for Actuarial Standards. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a Fellow of the Association of Corporate Treasurers (ACT).

Other current appointments

None



AP D S

Jonathan Bunting Chief Executive Officer

Year of appointment: 2010

Gender: Male

Ethnic origin: White

Citizenship: British

Disability: None

Jonathan has broad commercial and operational leadership skills, combined with extensive experience gained within the newspaper and magazine distribution industry, experience which is critical for the long term development and execution of the Company's strategic plans.

Jonathan joined WH Smith News in 1994. He rose through the organisation in a variety of sales and marketing managerial roles before being promoted to the executive management team in 2001. In April 2014, Jonathan became Managing Director of the Connect News & Media division and, subsequently, Chief Operating Officer in September 2017, a position which spanned wider group business interests held at the time, together with Smiths News. Following his appointment as Interim Chief Executive Officer on 5 November 2019, this appointment was confirmed on 15 June 2020.

Other current appointments

None



AP D S

Paul Baker Chief Financial Officer

Year of appointment: 2021

Gender: Male

Ethnic origin: White

Citizenship: British

Disability: None

Paul is a highly experienced senior executive, with extensive and relevant financial and business transformation experience, most recently as Integration Director at Compass Group plc. Prior to that, he held various regional and divisional Finance Director roles within each of Compass Group (2013 to 2021), Iglo Group/Birds Eye Limited (2011 to 2013) and Cadbury Schweppes PLC (1997 to 2010). He left the business on 21 November 2025.

Other current appointments

None

Committee key

- A Audit
- N Nominations
- R Remuneration
- S Sustainability
- D Disclosure
- AP Approvals
- Chair



A N R S

Mark Whiting
Senior Independent
Non-Executive Director

Year of appointment: 2017

Gender: Male

Ethnic origin: White

Citizenship: British

Disability: None

Mark has gained extensive finance and operational experience at a senior level within a number of diverse businesses. He brings recent and relevant financial expertise required to lead the Audit Committee.

Mark was most recently the Chief Financial Officer of Interserve PLC and has previously been the Deputy Chief Executive Officer and Chief Financial Officer of Premier Farnell plc. He was a non-executive director of Future plc until December 2014 and the Senior Independent Director of Hogg Robinson Group PLC until July 2018, in both cases acting as chair of the respective audit committees as well as serving on their nomination and remuneration committees. In addition, Mark has been Chairman and non-executive director of Xpediator PLC from September 2021 until March 2022 and member of its remuneration committee.

Other current appointments

None



A N R S

Michael Holt
Independent Non-Executive
Director and designated
Colleague Engagement NED

Year of appointment: 2018

Gender: Male

Ethnic origin: White

Citizenship: British

Disability: None

Michael possesses relevant commercial and operational experience gained within the logistics and distribution industries. With his detailed understanding of the distribution sector and its opportunities and challenges, Michael provides an independent voice and commercial sounding board in the development and execution of the Company's strategy and business ambitions.

Michael was formerly Chief Operating Officer of FedEx Express, Europe until the end of September 2018 and held a number of other senior executive roles with FedEx Corporation from 2006, including co-chair of the Global integration Committee (responsible for the harmonisation of physical operations to the terms and conditions of employment). Prior to that, Michael held senior executive roles at a number of leading logistics organisations including ANC Group, where he was instrumental in leading the turnaround of the business from a position of loss-making to industry leading margins and strong profit recovery prior to its successful sale to FedEx in 2006.

Other current appointments

None



A N R S

Deborah Rabey
Independent Non-Executive
Director

Year of appointment: 2023

Gender: Female

Ethnic origin: White

Citizenship: British

Disability: None

Deborah is a seasoned retail executive with a wealth of experience in driving commercial performance, proposition development, and supply chain efficiency. She brings broad, cross-sector expertise across general merchandise, clothing, health & beauty, and food, gained in grocery, high street, convenience, and e-commerce environments. Deborah spent 23 years at Tesco PLC (to October 2022), including 14 years in director level roles such as UK Category Director for General Merchandise and Global Sourcing Director, alongside senior leadership roles in trade marketing and change management. Most recently, she served as Chief Customer Officer at Wilko, where she was responsible for the commercial, supply, sourcing, brand, marketing, and digital functions.

Other current appointments

None



A N R S

Manju Malhotra
Independent Non-Executive
Director

Year of appointment: 2025

Gender: Female

Ethnic origin: Ethnic minority

Citizenship: British

Disability: None

Manju was CEO at Harvey Nichols until 31 December 2023. Manju joined Harvey Nichols in 1998 and progressed through various roles, including CFO and co-COO, before her appointment as CEO. She has extensive experience in customer-focus, developing a values-led culture, strategy, operations, finance and technology operations.

Other current appointments

Manju is a Non-Executive Director and ESG Committee Chair at Workspace Group plc and a Non-Executive Director and Audit Committee Chair at abrdn UK Smaller Companies Growth Trust plc. She is also a Non-Executive Director at London & Partners, an international trade and investment agency for London.



D
Stuart Marriner
Company
Secretary
and General
Counsel

Stuart joined the business in October 2008 and is responsible for business, legal and regulatory support. Prior to joining the Company, he had spent four years as a corporate finance solicitor, including extensive periods on secondment with Somerfield Stores and Punch Taverns. Stuart was appointed as Company Secretary and General Counsel on 1 September 2011 and continues to lead the legal and company secretariat teams.

Corporate Governance continued

Executive Leadership Team

Our Executive Leadership Team combines an enviable depth of industry experience with the skills and fresh perspectives we need to make progress in our targeted growth markets. The collective expertise not only shapes and leads our strategy, but also, by working closely with industry partners, plays an active role in contributing to the development of our wider supply chains.

This year we welcomed Adam Wylie who joined to lead the Recycling business and also announced the appointment of Richard Clay as Chief Financial Officer, replacing Paul Baker. Aside from these changes, the members of the leadership team have worked together for several years, with an unstinting commitment to a strategy that has delivered greater stability to the business while simultaneously creating opportunities to leverage our skills and competencies in new markets.



Marcus Cotes
Head of Technology

Joined: November 2020

Responsibilities: Leading the development and implementation of technology to enhance operational efficiency through innovation and data security.



Simon Gage
Head of Commercial

Joined: July 1986

Responsibilities: Leads the commercial and contractual agreements across our newspaper, magazine and collectable business, including new categories. This includes developing the trading relationships with our publisher and retailer customers to promote long term sustainability of the category.



Emma Jones
Head of People

Joined: January 2020

Responsibilities: Setting the People Strategy to ensure that our approach to colleague Reward, Talent attraction, retention and development, communications, People Systems and overall Colleague Experience fosters a values-driven culture that inspires and motivates all of our colleagues to be the best that they can be and guarantees the delivery of our business strategy.



Emily McMinn
Head of Strategy & Change

Joined: Oct 2017

Responsibilities: Leads the growth, change and strategy team in defining medium-term strategic priorities, identifying growth opportunities and managing strategic value creation programmes in collaboration with the Leadership Team.



Lucy Robertson
Head of Operations

Joined: January 2022

Responsibilities: Leads the Operations function for the business, ensuring end-to-end logistics operations from distribution centres through to final mile delivery and collection, plus Safety and related support functions (Fleet, Property and Facilities). Responsible for Operational Strategy to optimise efficiencies and cost whilst improving and sustaining service levels for our customers.



Adam Wylie
Head of SN Recycling

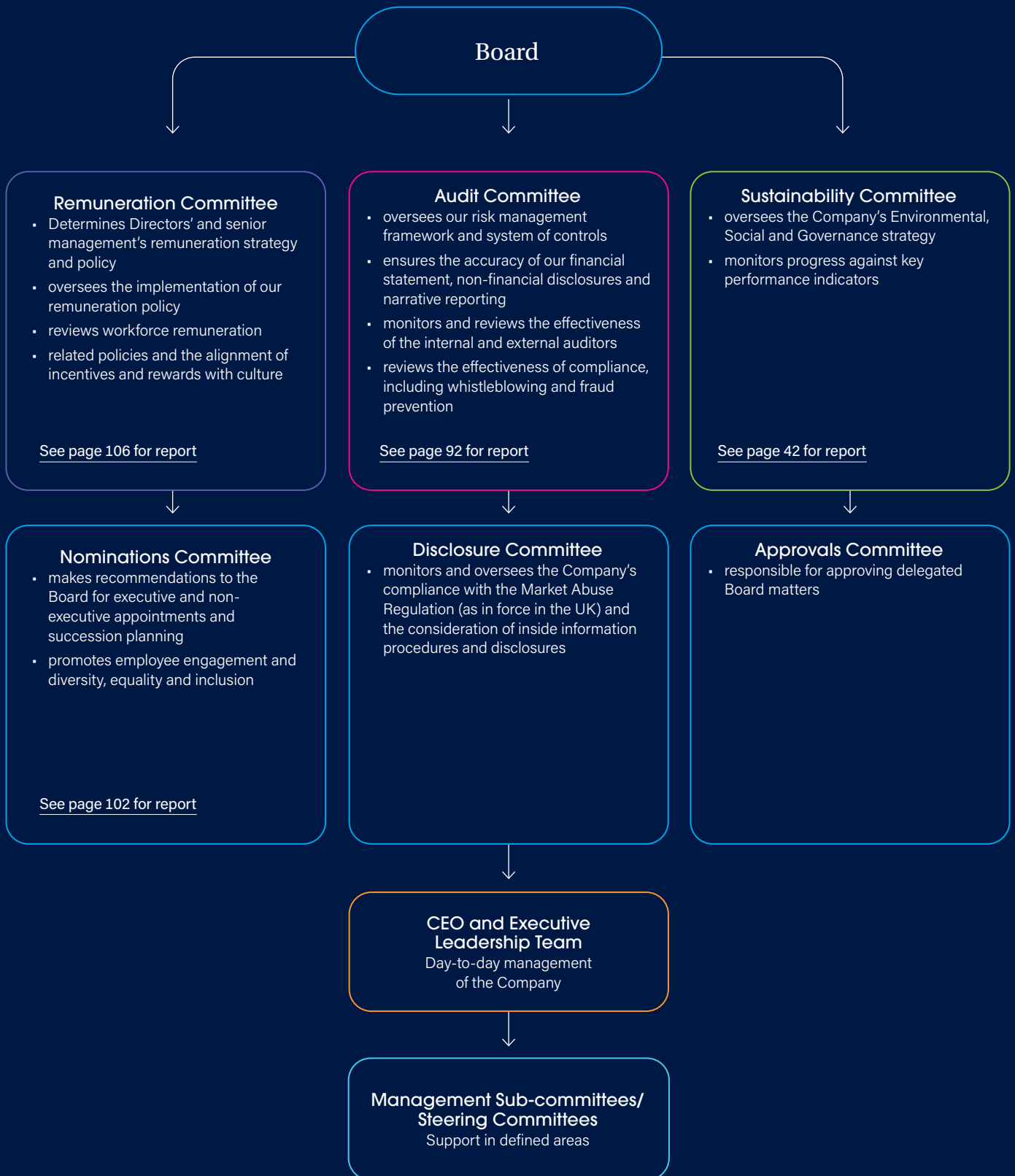
Joined: July 2025

Responsibilities: Leads and develops the recycling business, focussing on the development of scalable solutions, nurturing key customer relationships, and defining the strategic roadmap.

Jon Bunting
See biography on page 78

Paul Baker / Richard Clay
For Paul Baker, see biography on page 78 and for Richard Clay see Nominations Committee Report page 102.

Stuart Marriner
See biography on previous page.



Corporate Governance continued

Delegation of Responsibilities

Board Chairman

David Blackwood, the Chair of the Board, leads the Board and has overall responsibility for ensuring it effectively fulfils its responsibilities in overseeing the Company's strategy and performance, both operational and financial, while maintaining a strong system of corporate governance. The recent outcome of the Board evaluation has demonstrated that the culture of openness and vigorous debate fostered by David underpins constructive Board relations. David has also had regular engagements with shareholders, ensuring clear and effective communication of information to them.

Senior Independent Director (SID)

Mark Whiting, our Senior Independent Director provides support to the Chairman in the delivery of his objectives while also being available to fellow Board members to provide guidance and support, if necessary. As SID, Mark is responsible for oversight of the Board Chair's performance.

The Board and its Committees receive regular reports from functions and managing steering committees from across the business. Detailed agenda planners are approved annually in advance and revised monthly to ensure that all compliance, regulatory and operational matters are adequately and timeously addressed in a manner that ensures the Board has full knowledge and oversight of the Company's activities, including the impact of decisions on all stakeholders. The Board manages business and process requirements through a formal schedule of matters reserved specifically for its decision-making, the details of which can be found on our website (Reserved Matters).

For more information on the composition, roles and responsibilities of the Board and the division of responsibilities between the Chair/CEO, as well as to access the internet links referred to above, please refer to our website (Corporate Governance - Smiths News) or, if you are reading this electronically, please click on the relevant links.

Chief Executive Officer (CEO)

As CEO Jonathan Bunting leads our business and oversees daily operations of the Company. The CEO is ably assisted by the Executive Leadership Team and together they focus on the development and implementation of strategy; financial and operational performance; risk management; commercial and organisational developments; management of all aspects of human capital (including succession planning) and sustainability. Jonathan also takes the lead in setting the ethical and cultural tone of the Company and communicating with shareholders and other key stakeholders while ensuring the accurate and timely communication of information to the market.

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Non-Executive Directors (NEDs)

The NEDs bring a wealth of expertise and experience to the Company which provides guidance and support in the development of strategy, oversight of operational and financial performance and the ability to constructively challenge decisions to deliver the best outcomes for all stakeholders.

The Board Committees are comprised of the NEDs and Executive Directors will periodically attend as invited guests (please see above).

The Board and its Committees receive regular reports from functions and managing steering committees from across the business. Detailed agenda planners are approved annually in advance and revised monthly to ensure that all compliance, regulatory and operational matters are adequately and timeously addressed in a manner that ensures the Board has full knowledge and oversight of the Company's activities, including the impact of decisions on all stakeholders. The Board manages business and process requirements through a formal schedule of matters reserved specifically for its decision-making, the details of which can be found on our website (Reserved Matters).

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Board and Committee meeting attendance

| | Scheduled Board meetings | Special Board meetings | Committee meetings | | | |
|--|--------------------------|------------------------|--------------------|-------------|--------------|----------------|
| | | | Audit | Nominations | Remuneration | Sustainability |
| Number of meetings | 10 | 0 | 4 | 2 | 4 | 4 |
| David Blackwood | 10 | 0 | | 2 | 4 | 4 |
| Michael Holt | 10 | 0 | 4 | 2 | 4 | 4 |
| Mark Whiting | 10 | 0 | 4 | 2 | 4 | 4 |
| Deborah Rabey | 10 | 0 | 4 | 2 | 4 | 4 |
| Denise Colis Retired 16 January 2025 | 4 | 0 | 1 | 1 | 2 | 1 |
| Manju Malhotra Appointed 16 January 2025 | 6 | 0 | 3 | 1 | 2 | 3 |
| Jonathan Bunting | 10 | 0 | | | | 4 |

The Board and its Committees receive regular reports from functions and managing steering committees from across the business. Detailed agenda planners are approved annually in advance and revised monthly to ensure that all compliance, regulatory and operational matters are adequately and timeously addressed in a manner that ensures the Board has full knowledge and oversight of the Company's activities, including the impact of decisions on all stakeholders. The Board manages business and process requirements through a formal schedule of matters reserved specifically for its decision-making, the details of which can be found on our website (Reserved Matters).

For more information on the composition, roles and responsibilities of the Board and the division of responsibilities between the Chair/CEO, as well as to access the internet links referred to above, please refer to our website (Corporate Governance - Smiths News) or, if you are reading this electronically, please click on the relevant links.

Board discussions and decisions primarily take place at regular scheduled meetings which have structured agendas aligned with the optimal points of business during the annual cycle.

Through this structured approach, the business of the Board is spread over the year ensuring all governance and regulatory matters are properly dealt with but also providing sufficient time to ensure trading and financial information is considered along with the allocation of sufficient time to comprehensively consider more strategic priorities and other matters requiring the Board's attention. Board meetings are held at different locations to expose the Board members to operational issues and allow the members to engage with staff across the business estate. In this way, the meetings are supplemented with in-depth presentations and experiences such as the walk through of the early morning process to receive and despatch the plethora of daily newspapers. The regular meetings are supplemented with strategy sessions as well as structured meetings with other stakeholders such as colleague forums, investors and publisher clients undertaken by individual directors, with feedback provided to the Board on such engagements. Through this comprehensive engagement process, the Board members have access to the best available information and are able to consider the impact of their decisions on the interests of all stakeholders.

In addition to formal Board and Committee meetings, sufficient time is provided at suitable intervals, for the Chair to meet privately with the Senior Independent Director and Non-Executive Directors to discuss any matters arising and to address any issues or concerns.

Corporate Governance continued

The Board met ten times during the year (including the Annual General Meeting). An overview of our Board's key activities in 2025 is provided below.

See principal and emerging risks on page 67 / Risk Report
See s.172 factors on page 32 / Stakeholder Engagement Report

| Board Activities in FY2025 | Principal risk | S.172 factors |
|--|-------------------|----------------|
| Governance | | |
| <ul style="list-style-type: none"> considered the range of standard governance issues including directors' conflicts of interest, terms of reference of Board committees and matters reserved for the Board and considered the Annual General Meeting approach and resolutions to be put to shareholders for approval reviewed cyber security landscape and recent events and the Company's preparedness and posture received and reviewed whistleblowing reports and activities and reviewed various policies approved the interim financial results and the Annual Report & Accounts reviewed corporate social responsibility, with specific focus on human capital, customer relations, climate change and business ethics and overall Sustainability KPIs monitored legislative developments and the potential impact on the business received reports from the Company's advisers, including its corporate brokers monitored engagement with stakeholders, including responses to our 2025 AGM and voting outcomes received updates on the impact to stakeholders of operational and strategic matters reviewed the external evaluation of the Board and its committees | 1, 2, 5, 6 & 8 | A, C, E & F |
| Finance | | |
| <ul style="list-style-type: none"> considered and approved our trading statements, half year and full year reports reviewed the treasury and tax functions and performance, including funding, liquidity and insurance. Approved and monitored budgets and business plans considered the declaration of dividends and the merits of other forms of distribution reviewed financing structures and external financing arrangements oversaw financial performance, receiving updates on priority initiatives, including growth opportunities and mitigations to the ongoing inflationary environment and tax increases arising from the Autumn 2024 Budget revisited and revised regulatory policies relevant to our business operations, including in relation to tax, capital allocation/ dividend policy, anti-bribery and anti-trust budgeting process, including key assumptions, risks and stress testing | 2, 5 & 8 | A & F |
| Business Review, Performance and Strategy | | |
| <ul style="list-style-type: none"> approved and monitored progress against management's key business imperatives considered business growth and development opportunities, risk and reward reviewed the sustainability strategy and KPIs for FY2026 reviewed performance and reward reviewed business continuity plans considered new publisher contract renewals and terms of market announcements reviewed investment and implementation of new technology, including a new warehouse management system and the procurement of a transport management system. | 2, 4, 5, 6, 7 & 8 | A, B, C, D & E |

| Board Activities in FY2025 | Principal risk | S.172 factors |
|--|----------------|---------------|
| Audit, Internal Controls and Risk | | |
| <ul style="list-style-type: none"> ▪ reviewed business-wide risks, together with the associated risk appetite and mitigating actions ▪ received reports from the Audit Committee Chair ▪ ongoing assessment of the effectiveness of internal controls and processes ▪ monitored health and safety strategy and periodic performance through monthly board reports ▪ monitored and data protection compliance ▪ approved the going concern statement and assessment of viability, valuation of investments and principal and emerging risks ▪ reviewed performance of the statutory auditor and received and considered recommendation for their appointment and fees | 1, 2, 3 & 8 | A, B, D & E |
| People | | |
| <ul style="list-style-type: none"> ▪ received regular updates from the Remuneration Committee on remuneration and performance ▪ considered a new reward strategy and policy to be put to shareholders for approval at the 2026 Annual General meeting, including agreeing communications strategy and outcome of targeted engagements with the largest shareholders ▪ considered health and safety related matters, elevated from the Audit Committee in FY2024 ▪ considered the new LTIP and SAYE rules to be put to shareholders for approval at the 2026 Annual General Meeting and approved various employee share awards (SAYE, LTIP and deferred bonus) ▪ reviewed employee engagement and employee satisfaction survey results ▪ supported equality, diversity and inclusion ▪ received reports on colleague engagement forums and considered ways to broaden engagement and enhance contributions from participants ▪ undertook recruitment processes for a new CFO and executive lead for the Smiths News Recycling business and an orderly transition to the new leadership ▪ considered the impact of a change in payroll cadence from weekly to monthly payment | 1, 4 & 8 | A, B & F |

Corporate Governance continued

Tenure and skills

The Board assesses the number of external appointments held by Non-Executive Directors on a case-by-case basis and, while the holding of an excessive number of external appointments is discouraged it is accepted that role requirements can vary in terms of both complexity and time commitments required. Each of the Non-Executive Directors has confirmed that they are able to allocate sufficient time to discharging their obligations and meeting the Company expectations of them. The Board is satisfied that this remains the position, taking note of the most current external Board evaluation and will continue to monitor the external commitments of its members with the assistance of the Company Secretary.

The Board seeks to identify areas for skills development so as to ensure that it, as a collective, has the right balance of skills and knowledge which are effective, relevant and current. Specific training briefings from both management and external experts are supplemented by Directors sharing developments and regulatory updates within their areas of expertise with fellow Board members. A quarterly newsletter containing a summary of current topical issues is circulated and individual directors are encouraged to raise any specific training needs. Focus areas in FY2025 included trends within the sustainability reporting standards, as well as annual reporting standards, technology developments (including artificial intelligence), new listing regime reform and the UK's revised Corporate Governance Code, shareholder trends and expectations and new legislative developments.

In line with best practice, and as part of the conditions of appointment, all Directors resign annually and make themselves available for re-election by shareholders at Annual General Meetings, where letters of appointment for each non-executive director are also available for inspection. Non-Executive Directors remain within the recommended maximum of nine-year terms of service and, accordingly, it is anticipated that Mark Whiting will not stand for re-election at the 2027 AGM. Set out in the Notice of Annual General Meeting for 2026 is information on the skills and experience of each director seeking re-election at the 2026 AGM.

The Board seeks to identify areas for skills development so as to ensure that it, as a collective, has the right balance of skills and knowledge which are effective, relevant and current. Specific training briefings from both management and external experts are supplemented by Directors sharing developments and regulatory updates within their areas of expertise with fellow Board members. A quarterly newsletter containing a summary of current topical issues is circulated and individual directors are encouraged to raise any specific training needs.

Focus areas in FY2025 included trends within the sustainability reporting standards, as well as annual reporting standards, technology developments (including artificial intelligence), new listing regime reform and the UK's revised Corporate Governance Code, shareholder trends and expectations and new legislative developments narrative around skills.

Gender and ethnicity diversity

The Board acknowledges and welcomes the benefits of diversity and inclusion, noting the strides it has made across the Company to promote these principles as further set out in the People Report and with the appointment in 2025 of the Board's first ethnic diverse member.

That said, in relation to its own composition, the Board has noted its current non-compliance with the requirements under the Listing Rules (see UKLR:6.6.6R(9)) and the FCA Diversity Targets 2022) which are targeted at encouraging enhanced disclosures and positive action in relation to gender and ethnic diversity at Board level. Accordingly, given the established Board composition, the tenures of current directors and in light of recent evaluations of the Board reinforcing our view that that the Board is operating effectively and in accordance with good corporate governance principles, the Board does not see a compelling and proportionate rationale to immediately replace any of the Chair, CEO, CFO or SID outside of the normal rotation cycle or terms of employment, as applicable.

However, during the course of future rotations of Non-Executive Directors (please see the rotation schedule set out in the Nominations Committee Report on page 102), the Board expects to look at the D&I requirements of the Listing Rules at that time when selecting suitable candidates, at the same time as considering the need to secure the best person for the position and the associated merits of having the right blend of skills, expertise, commitment and experience.

Further, whilst the Board is very much keen to take steps to improve its gender and ethnic diversification, we acknowledge that this may take time, particularly in the context of the broader corporate-market together facing with the same defined targets and where competition is likely to be fierce for a pool of talent that is naturally limited by the size, nature, location and profile of our business. For further information, please see the Chairman's Introduction to Governance on page 74.

Director appointments, induction and succession planning

No Director is appointed or nominated by or at the instruction of a stakeholder, with all Director appointments being solely identified through, and only appointed following, an extensive external search agency process.

Selection decisions are based on merit and the Board strives to ensure that recruitment activities are fair, transparent and non-discriminatory. The induction programme includes a comprehensive and up-to-date 'Directors' Toolkit', which is supplemented with governance and business documentation, one-to-one meetings and on-site visits to some of the Company's operational sites and support locations, as appropriate. The objective of the induction process is to enable new appointees to gain the necessary insight and knowledge required to make as full and effective a contribution as possible to the Board upon their appointment and to gain an understanding of Smiths News' business and strategy, culture, risk areas and priorities. The Company Secretary participates in the induction process, covering issues such as directors' duties, share dealing procedures, managing conflicts of interest and a walk through of key policies.

The Board understands the importance of succession planning which is an objective process based on merit and the assessed skills, experience and needs of the business and the Board at the time, while seeking to promote and uphold our policies, including that relating to equality, diversity and inclusion across multiple criteria. Please see the Nominations Committee Report on page 102.

Board evaluation

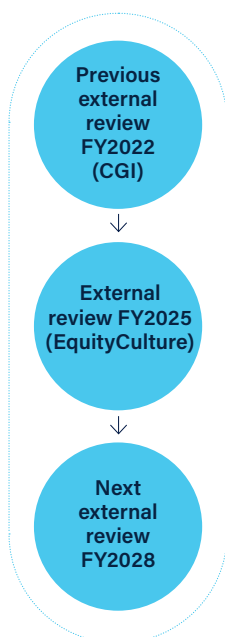
In line with the FRC's Guidance on Board Effectiveness and the Corporate Governance Institute's Principles of Good Practice relating to external reviews, the Board has adopted a three-year external Board evaluation cycle. Following the last externally facilitated Board evaluation process during FY2022, this year the Board evaluation was undertaken externally with EquityCulture, a consultancy with no connection to the Company or any individual Director. Online face-to-face interviews with all Board members took place, with the exercise centred on an agenda of questions drafted by EquityCulture. The agenda questions were based on prior discussions with the Chairman and Company Secretary, with members of the Board sent an advance copy of the 'agenda' of issues to be addressed during the interview process. The questions covered Board meetings and culture, strategy, people, risk, Committees and other miscellaneous matters. In summary, the Board was found to be operating effectively and in accordance with good corporate governance principles, with no significant problems identified.

It was noted that the relationships between the Executives and the NEDs is refreshingly positive, with all parties playing their part - NED support, questioning and challenges to management being considered appropriate by all concerned, with the Executives welcoming and valuing NED input and the necessary components needed to be a truly effective Board being present.

The outstanding support and knowledge that the Company Secretary brings to the Company and offers the Board was acknowledged and appreciated by all. Board members felt that being on the Smiths News board is a good experience, with all members exhibiting professional companionship, a collegiate style, and a strong sense of shared values and goals. The Board was found to have attained a balance and shared vision, with the EquityCulture team commenting that it is impossible to manufacture or artificially create this atmosphere. The chemistry of the Board – or its culture, as they are closely related, is good, stemming from the executive leadership of the Company, combined with a good rapport between the Chair and the CEO.

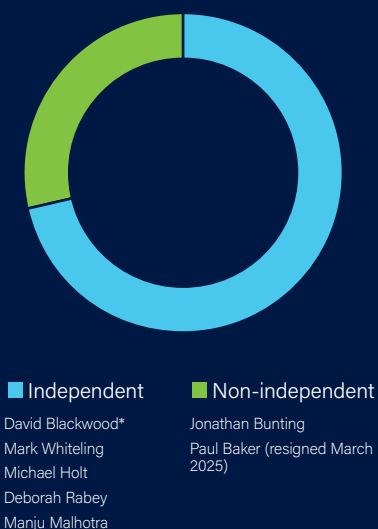
Areas for future focus endorsed by the Board to promote ongoing and continuous improvements in accordance with good corporate governance principles included consideration of the pace of meetings so as not to exclude or limit full discussions, building on strategy and risk appetite discussions, considering the impact of continual efficiency and cost-out demands against a competing demand of equipping the Company ready for future growth opportunities, and some call outs for enhanced material specifically in relation to more complex and technical audit matters.

In addition to the external evaluation of the Board and Committees, each individual director’s performance was also assessed by their peers. One-to-one discussions were held between the Chairman and each Director to discuss their contribution and performance during the year, along with any training needs. A meeting of the Non-Executive Directors was led by the Senior Independent Director, in which the performance of the Chairman was discussed.

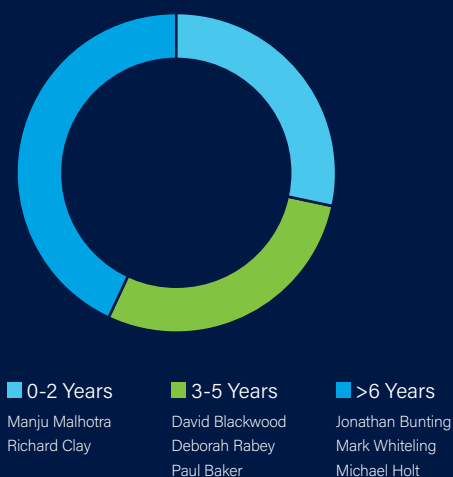


| Female representation | | | | |
|---------------------------|------|------|------|------|
| | 2025 | 2024 | 2023 | 2022 |
| Board | 29% | 29% | 29% | 17% |
| Executive Leadership Team | 33% | 33% | 33% | 33% |

Independence



Tenure

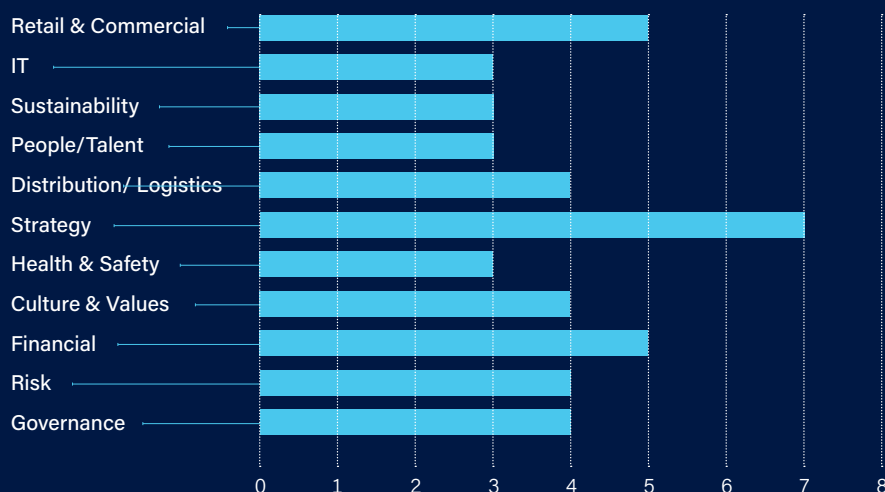


*In accordance with the provisions set out in the 2018 edition of the UK Corporate Governance Code, at the time of his appointment to the Board as Chairman, David Blackwood was independent. The Board considers that all Non-Executive Directors are independent.

The independence of the Non-Executive Directors was considered as part of the 2025 Board evaluation, the outcome of which supported the conclusion that they all demonstrated independence in both character and judgement. The Board has also determined that none of the Non-Executive Directors have any relationships or circumstances which may (or could appear to) affect their judgement.

The Board has formal procedures in place for the declaration, review and authorisation of conflicts of interest of Board members. Conflicts are considered and, where appropriate, authorised by the Board on an annual basis. In addition, Directors are requested to declare any conflicts at the start of all Board meetings. For details of current situational conflicts notified by the directors please see the Other Statutory Disclosures on page 127.

Key skills & expertise



Corporate Governance continued

EquityCulture has reviewed the disclosures relating to the evaluation set out in this Annual Report and has confirmed that they reflect accurately in respect of both the process followed and the findings of the review.

Compliance with the UK Corporate Governance Code

Compliance statement: For the 52-week period ending 30 August 2025, the Company assessed itself against the UK Corporate Governance Code 2018 (the Code), noting that the 2024

revised version, published by the FRC in January 2024, will apply to the Company with effect from 1 September 2025, being in respect of FY2026.

The Company confirms that, throughout the 52-week period ended 30 August 2025, it has complied with all of the principles and provisions of the 2018 edition of the UK Corporate Governance Code (the Code) but remains mindful of the Board diversity requirements under the Listing Rules (see UKLR:6.6.6R(9) and FCA Diversity Targets 2022) which are addressed in this report under the gender and ethnicity diversity section.

The application of the Code's principles by the Company is set out and evidenced throughout this Annual Report and the table below includes cross-references to other parts of the Annual Report (where relevant) to assist readers with reviewing our compliance during the reporting period. A more detailed response to the Code can also be found in the 'Governance' section of our website: www.smithsnews.co.uk/investor-zone/corporate-governance/

| Principle | Summary | Governance Report | Strategic Report |
|---|---|---|---|
| Board Leadership and Company Purpose | | | |
| A | Board leadership and effectiveness | Governance Framework page 81: C | Purpose page 04: A |
| B | Purpose, values and culture | Board activities page 84: A | Sustainability Report page 42: A |
| C | Internal governance and controls | Our Stakeholders page 32: D, E | Stakeholder Engagement page 32: D, E |
| D | Stakeholder engagement | Our culture page 91: B | Business model page 04: B |
| E | Workforce policies and practices | Nomination Committee Report page 102: B Audit Committee Report page 92: C, E | People Report page 28: E Strategy page 06: B Risk Management page 67: C |
| Division of Responsibilities | | | |
| F | Role of Chair | Board of Directors page 78: F, G | Chair's Statement page 74: F |
| G | Independence and division of leadership responsibilities | Delegating responsibilities page 82: F, G, H Nomination Committee Report page 102: H | CEO's Statement page 14: G |
| H | Non-Executive Director role and time commitment | Audit Committee Report page 92: C, E | |
| I | Board policies, processes and resources | | |
| Composition, Succession and Evaluation | | | |
| J | Appointment processes, succession and diversity | Chair's intro to governance page 74: J Board of Directors page 78: K | Chair's Statement page 74: J, K CEO's Statement page 14: J, K |
| K | Board skills, experience and knowledge | Nomination Committee Report page 102: J, K, L | |
| L | Board evaluation | | |
| Audit, Risk and Internal Control | | | |
| M | Internal and external audit | Audit Committee Report page 92: M, N, O | Risk Management page 67: M, O |
| N | Fair, balanced and understandable | | Going concern and viability page 65: M, O |
| O | Principle risks, risk management and internal controls | | |
| Remuneration | | | |
| P | Alignment of remuneration with strategy, purpose and values | Remuneration Report page 106: P, Q, R | Stakeholder engagement page 32: P Measuring Performance page 16: P Sustainability Report page 42: P |
| Q | Remuneration Policy | Remuneration Policy page 106: Q | |
| R | Reviewing remuneration outcomes | Remuneration Report page 106: R | |

The Company Secretary and General Counsel is responsible for the timely and complete distribution of information to the Board and all Directors have direct access to the Company Secretary for advice, including independent professional advice where appropriate, at the Company's expense.

Culture and Values

At Smiths News we have defined six fundamental values which form the basis of the common understanding of our expected behaviour and which feed into our collective culture of who we are and what we stand for. We believe that our corporate culture distinguishes Smiths News as an employer, a provider of services and as a member of a wider community. Both the Board, which is ultimately responsible for oversight of our culture and values, and our Executive Leadership Team collectively recognise the importance of a positive and inclusive culture for our business, putting our values at the forefront of how and what we do.



Corporate Governance continued

Talent and Performance Management

We undertake workforce planning; performance, talent and succession initiatives; and learning and development programmes. Goal setting and performance management remains a strong driver for the business, setting the direction and measuring what we are expected to deliver as a team. Development for all our colleagues continues to also be important, with a particular focus on alignment of development activities with the strategic direction of the business. In support of our development activities, we have designed and rolled out a simplified grading structure (underpinned by the Willis Towers Watson framework) across the business giving colleagues greater visibility of how roles are sized and providing greater transparency to career paths.

Engagement Survey

We continue to run our engagement survey 'What Matters' on a 6 monthly basis, having recognised that this frequency provides a good balance of fresh insight without colleagues feeling as though they are constantly being surveyed without the opportunity to take action against the results. Our survey methodology is embedded and despite an active decision not to 'overly promote the survey', colleague participation remained high at 85%. UK engagement trends across all industries have declined over the past 12 months, but we are proud to have maintained a strong score of 64%, further closing the gap with the global wholesale benchmark. Our colleagues are actively engaged with the process, providing c.2,000 comments at each survey round. These comments have become increasingly detailed, demonstrating the good level of understanding that our colleagues at all levels have of business performance, strategy and culture. The Board duly plays an active role in reviewing these results and in reviewing and setting resultant action plans and priorities.

Policies and Procedures

Our values and culture are supported by a number of policies and procedures, including our Code of Conduct, Conflicts of Interest, Anti-Bribery and Whistleblowing policies, which are together strengthened by accredited e-learning modules (e.g. anti-bribery and corruption, money laundering prevention, competition law, data protection and information security, and Dignity and Respect modules). Our procurement policies (which reference our Modern Slavery Statement) make clear our expectations for our supply chain network with regard to business practices and what our suppliers and customers can reciprocally expect from us in the way that we interact with them. Customer complaints are reviewed and followed up, with potentially serious matters being brought to the attention of the Board.

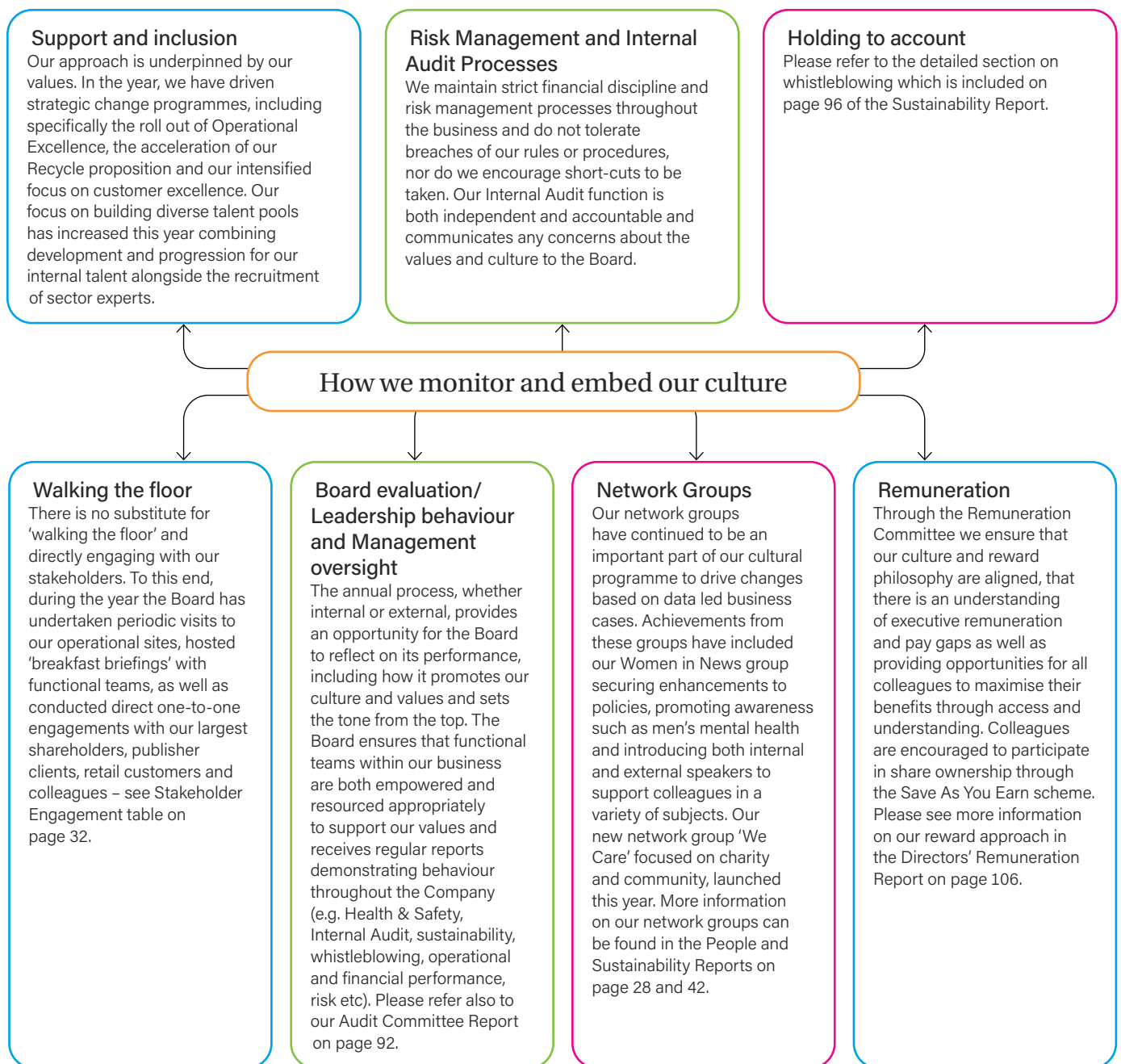
Communications, Town Halls and Colleague Engagement Non-Executive Director

SmithsZone (the Company's corporate intranet) continues to grow in usage and develop in functionality and together with the colleague communication portal "Connect Me" ensures connectivity and availability of information. Our 'Town Hall' all-colleague briefings format provides quarterly updates on strategic matters, including our technology investment programme, Customer Excellence and 'Voice of our Colleagues'.

We have launched our new Employee Value Proposition this year 'As good as our Word'.

Michael Holt, the Colleague Engagement NED meets regularly with different groups of colleagues, providing a further opportunity for dialogue. Please refer to the detailed report in the Stakeholder Engagement, People and the Sustainability reports, pages 32, 28 and 42.

Save As You Earn scheme. Please see more information on our reward approach in the Directors' Remuneration Report on page 106.



Creating sustainable value with our stakeholders (S172 of the Companies Act 2006)

The Board remains committed to both the intent and spirit of s172 of the Companies Act 2006, with stakeholder engagement identified as a priority in the Board's decision-making processes and, in doing so, the Board seeks to consider the interests and competing views of all relevant parties who may be potentially impacted. The Board has a well-established programme of engaging with a wide range of stakeholders, underpinning its commitment to act in good faith and in a way which is likely to promote the success of the Company and is to the benefit of its members as a whole.

The Board (and each director) ensure that they have a good understanding of the views of all stakeholders and to this end receive updates from the CEO and CFO, as well as the Chair and the designated Colleague Engagement Non-Executive Director regarding the outcomes of specific engagements undertaken during the year. In this regard, please refer to our Stakeholder Engagement/Section 172 report (see page 32) which sets out our key stakeholders, how we have engaged with them and the critical feedback which has impacted our strategic decisions and long-term success.

Approval

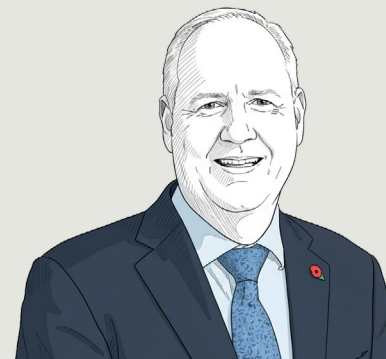
This report was approved by the Board and signed on its behalf by:

David Blackwood

Chairman

3 November 2025

Audit Committee Report



Chairman's introduction

I am pleased to present this year's report from the Audit Committee which explains how we have provided an independent and thorough focus on the audit, risk management, assurance and reporting arrangements that underpin the good governance discipline and financial standards that Smiths News subscribes to.

The Committee's primary area of responsibility and its key focus is to promote effective governance of the Company's financial controls, accounting and reporting, including reviewing the adequacy of related disclosures; the performance of both the Internal Audit function and the external auditor; and to oversee the Company's risk management, internal control systems (including whistleblowing reporting processes and accounting policies) and the monitoring of ESG reporting and sustainability matters. In fulfilling this mandate, the Committee remains acutely aware of the need to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal controls.

The body of this report deals with the composition of the Committee and its activities during the year as well as the evaluation of its performance, which I am happy to report remains satisfactory following the external assessment process completed in FY2025. You will also find detailed information on the risk management process and the system of internal controls, including specific reference to cyber security, health and safety, whistleblowing and fraud and corruption considerations and the assurance of sustainability data. The scope of the Committee's activities during the year has afforded the Non-Executive Directors a good understanding of the strategic direction of the Company, enabling an assessment of the risks, challenges and opportunities that the Company's chosen course presents, while also considering the adequacy and timeliness of both mitigations to address risks while not losing sight of opportunities identified as potential new income streams. We have made good progress this year in the implementation of our 'Future Tech' systems technology procurement project, with a warehouse management system now live and operational at our Hemel Hempstead distribution hub and a wider transport management system underway and scheduled for implementation during

Spring 2026, both of which will enhance our control environment. We remain vigilant in the area of cyber security, having noted an increase in recent cyber-attacks on UK companies, and I would refer you to the detail in this report which sets out steps we are taking to secure our data.

In preparing the financial statements, key judgements have been discussed and challenged by the Committee in order to satisfy itself as to their appropriateness and the resultant accounting treatment and presentation thereof and are set out in detail in the report, as is the viability statement, neither of which present any concerns for the Committee. We have also overseen the activities of the Internal Audit function which I am pleased to report is operating effectively.

BDO remains our external auditor, with Oliver Chinneck appointed as the lead partner at the end of the FY2023 audit. As Oliver had previously served as a supporting partner he is required to rotate off the Company's engagement at the completion of the FY2025 audit. It therefore falls to me to bid Oliver farewell, with the thanks and appreciation of both the Committee and management, and to welcome Emma Jarvis who will assume the role of Group audit partner for FY2026 onwards.

The Committee reviews changes in the accounting standards, legislation and related regulations, remaining alert to any such changes and regularly receives updates on future changes from both the external auditor and management. To this end, we have commenced with preparation for the forthcoming changes to the Corporate Governance Code with a process-based gap analysis of our risk management and internal control framework, the details of which are set out in the body of this report.

Finally, I would like to place on record my thanks to my fellow Committee members, management who have provided ongoing support to the Committee, and our internal and external auditors. I look forward to seeing our shareholders at the 2026 AGM and will be happy to discuss any aspects of this report.

Mark Whiting
Chairman

3 November 2025

Mark Whiting

Audit Committee Chair

Composition, attendance and performance

The Board is satisfied with the composition of the Committee and that each of its members have the required knowledge, skills and experience to fulfil the duties of the Committee, having an understanding of financial, operational and commercial matters relevant to our industry. Given the qualifications and extensive financial experience, the Committee Chair is considered by the Board to have recent and relevant experience in accordance with the requirements of the 2018 edition of the UK Corporate Governance Code (see the Corporate Governance Report on page 76 for further details of Chair's qualification and experience). The composition of the Committee meets the 2018 UK Corporate Governance Code requirement that the members are independent non-executive directors, and the Chairman of the Board is not a member of the Committee. The Committee met four times during the year as part of its schedule to consider matters planned around the Company's financial calendar. All Committee members attended each of the meetings with other regular attendees, by invitation, including the Chairman of the Board, the CEO and CFO, Head of Internal Audit & Risk, the Company Secretary and General Counsel and representatives from BDO LLP as external auditors. As part of the external evaluation process which is undertaken every three years, the Committee's performance was evaluated, and it was confirmed that it continues to operate effectively (see Corporate Governance Report on page 76 for further details of the external evaluation process).

The Committee's terms of reference address all matters set out in Disclosure and Transparency Rule 7.1 and the 2018 edition of the Code and are reviewed annually by the Committee and referred to the Board for approval. The detailed Terms of Reference can be found here: www.smithsnews.co.uk/wp-content/uploads/Audit_Committee_Terms_of_Reference_2025.pdf. If there is any disagreement with the Board and/or the Executive Leadership Team on any of the Committee's responsibilities that cannot be resolved, the Committee retains the right to report the issue to shareholders as part of its report on the Committee's activities. There are no such matters to report to shareholders at this time. In addition, the Committee seeks to identify matters in respect of which it considers that action or improvement by the Company is needed, and appropriate recommendations are made to the Board as to the steps that should be taken to preserve and promote the assurance and integrity of the Company's internal controls framework.

Composition and attendance

| Members throughout the year | Committee member since | Meeting attendance |
|-----------------------------|------------------------|--------------------|
| Mark Whiting – Chair | 1 September 2017 | 4/4 |
| Manju Malhotra | 16 January 2025 | 4/4 |
| Michael Holt | 1 October 2018 | 4/4 |
| Deborah Rabey | 1 March 2023 | 4/4 |

The maximum number of meetings held during the year that each Director could attend is shown next to the number attended.

Key matters addressed by the Committee

| | |
|---------------------------------------|--|
| Financial reporting | <p>One of the Committee's principal responsibilities is to review and report to the Board on the clarity and accuracy of the Company's financial statements (annual and interim), taking into account:</p> <ul style="list-style-type: none"> The application of accounting policies and practices; Material accounting assumptions and estimates made by management; Any significant judgements and key audit matters raised by the external auditors; The effectiveness of internal financial controls and systems; and Compliance with relevant accounting standards and regulatory financial reporting requirements. <p>This process resulted in:</p> <ul style="list-style-type: none"> A review of reports from the Chief Financial Officer and the external auditor on matters of significance in relation to, and the content of, the Group Financial Statements for the reporting period; The approval of the financial results' press release and the Annual Report and Accounts, including tone and consistency and the application of critical accounting policies and key judgements, and consideration whether the Annual Report, taken as a whole, is fair, balanced and understandable (see page 101); and The approval of the Group's viability and going concern assessments, and subsequent disclosures and statements. |
| Risk management & controls | <ul style="list-style-type: none"> Conducted an annual assessment of risk and internal controls, including a robust assessment of principal and emerging risks; Received information security and data protection reports, including key measures taken to enhance cyber security controls, to help to mitigate against IT risks and cyber attacks; Received information on climate-related risks; Reviewed the external auditor's report on the Company's full year and half year financial statements; and Reviewed recommendations to executive management set out in the external auditor's management reports. |
| External audit matters | <ul style="list-style-type: none"> Reviewed the external auditor's assessment of its objectivity and independence, including a review of, and prior approval of, non-audit services (and associated fees) provided by the external auditor as part of its performance review; Reviewed management representation letters related to the Company's full year and half year financial statements; Reviewed the external auditor's audit plan, scope and strategy for its audit of the Company's full year and half year financial statements; and Approved the external auditor's fees. |
| Internal audit matters | <ul style="list-style-type: none"> Reviewed and agreed the internal audit work plan, confirming the focus on key risk areas and adequacy of coverage of material operational matters and internal controls environment; Received reports from the Head of Internal Audit & Risk (see page 67); and Reviewed whistleblowing process and procedures and received whistleblowing reports providing insight into the culture of the Company and issues of particular concern to stakeholders. |

Audit Committee Report continued

Internal controls and risk management

As part of the Committee's annual workplan the Committee has continued to review and interrogate the Company's principal and emerging risks, with no significant changes to the identification of principal risks or their ratings from the half year review although we continue to review the ever-present cyber security risk to our business which remains as a critical risk despite positive actions having been taken to again further reduce the likelihood of an incident, noting that the impact of any event, should it ever occur, remains very high. The Committee also continues to monitor and review the Company's internal controls framework, including the output of Internal Audit's activities in the year.

The Company's internal control and risk management framework embedded in all key operations is designed to address all the significant strategic, financial, operational and compliance risks that could undermine the Company's ability to achieve our business objectives in the future and is managed within risk tolerance levels defined and reviewed periodically by the Board.

In determining our principal risks, we review these in light of materiality considerations and the resultant risk environment includes threats to our long-term sustainability, the nature and complexity of our operations, the commercial environment in which we operate, and compliance with laws and regulations. Material controls are overlaid and are important in the mitigation of these risks as any failure thereof could impact the decisions of users of resultant information. In accordance with the provisions of the UK Corporate Governance Code, the Company has in place an internal control environment to help to protect the business from these principal and emerging risks which have been identified. Management is responsible for establishing and maintaining the adequacy of these internal controls, particularly over the integrity of our financial reporting and the Committee retains responsibility for ensuring the overall effectiveness of these controls. Full details of the Company's internal control and risk management framework can be found in the Risk Management Report on page 67.

The Committee has reviewed the risk management framework and the system of internal controls and considers that the system of internal controls has operated effectively throughout the financial year and up to the date on which the financial statements were signed.

A critical element of the Company's risk management review is the determination of the extent to which the Company is willing to 'accept' a level of net risk as part of the cost of business and in delivering against its strategy. To this end, the Board's individual and collective risk appetite is periodically reviewed, considering changes in the business and the external environment, as well as emerging trends and developing risks. Our risk appetite differs across the respective principal and emerging risks, with a lower acceptance appetite for high impact/high likelihood risks (seeking to reduce the risk profile and mitigating its impact where possible) and with a higher acceptance level for low impact/low likelihood risks (potentially accepting the risk, with limited impact mitigation). For further details, please see the Risk Management Report on page 67.

Illustrations of the key internal controls on which the business relies and the Committee periodically reviews are as follows:

| | |
|--|--|
| Governance framework | Our governance framework (see page 81) supports effective internal controls through an approved Schedule of Matters Reserved for the Board and defined delegated authority. |
| Risk Management | Management regularly review and assess key risks facing the Company, which are documented in risk registers, along with a schedule of key controls and key risk indicators (see Risk Management Report on page 67). |
| Financial controls | Comprehensive systems of financial control are in place, including an annual budgeting exercise with three rolling forecasts, as well as a strategic reviews. A range of both preventative and detective controls, including segregation of duties, reconciliations, approvals, management reviews and exception reporting helps ensure accuracy and completeness of financial records. |
| Treasury and tax controls | <p>Treasury activities are controlled by the Chief Financial Officer, with all large and/or complex transactions discussed in advance with the Board and Executive Leadership Team and are executed in line with delegated authority levels and reviewed externally by our advisers.</p> <p>With regard to taxation, the Group has a governance structure and control framework which is designed to support a low risk approach and to enable an open and transparent relationship with tax authorities. The delivery of the tax strategy is led by the Chief Financial Officer who also fulfils the role of the Senior Accounting Officer (SAO). The Company's in-house tax team has day-to-day responsibility for the operation of tax processes and controls and is supported by external tax advisors who are involved in the preparation of corporation tax returns, review the Company's tax processes and controls and advise on complex compliance matters. We maintain an open relationship with HMRC and in FY2025 we saw our assessed tax status move from 'moderate low' to 'low risk' in all categories.</p> |
| IT controls | IT controls are a fundamental part of the control environment and apply to all applications, databases and operating systems. They ensure appropriate access to, and integrity of our data, which ultimately flows through to the financial statements. A robust system of backup is in place to protect against the potential loss or corruption of data against the backdrop of ever-evolving cyber threats. |
| Training and staff awareness | Key policies and procedures are available to our colleagues on SmithsZone, our corporate intranet. Colleagues are required to confirm their understanding of our key internal policies upon joining the business, and periodically thereafter as required for compliance purposes. Cyber-risk training is delivered throughout the year to help maintain high levels of staff awareness and core system training is delivered when new systems are implemented or ways of working are changed. We have a Policy Steerco in place which ensures that all policies are periodically reviewed and refreshed and specifically includes horizon-scanning to ensure new policies or amendments are identified and developed to address any changing circumstances. The Policy Steerco includes members across all operational areas of the business. The Company also operates a Whistleblowing hotline (see page 96) which facilitates anonymous reporting of any concerns of perceived or actual misconduct, wrongdoing, or fraud. |
| External/Independent evaluation | A range of external and independent evaluation is in place to provide an additional layer of assurance over the effective operation of key financial controls. Our in-house Internal Audit function performed 20 assurance reviews during FY2025, which included testing of a range of key financial controls. External advisers with specialist knowledge are engaged on a case-by-case basis as required, to review particular financial controls. The implementation of recommendations is monitored by the Committee. |

Cyber Security

Cyber security remains a critical focus area for the business, with ongoing initiatives aimed at strengthening our security posture across the entire IT estate.

During the review period the Committee acknowledged recent high-profile attacks on multiple UK businesses and additional measures were taken to safeguard Smiths News, including technical and procedural controls. Cyber incident simulations and specialist training have taken place, and our response plan has been tested. The ongoing security assurance program, wider business continuity testing and awareness training help to keep the business prepared for current and future threats.

Some of the key activities this year included the modernisation of critical systems including a new warehouse management system and an integration platform, which has allowed the business to move away from ageing systems and which brings enhanced security. Additionally, the move to a leading 24/7 security provider for cyber-security services is providing much greater capability to detect and defend against threats in real time.

Additional enhancements have been made to our email and internet secure gateways, delivering stronger protection against external cyber threats. Training programmes have also been deployed to improve colleague vigilance against social engineering attacks, including phishing attempts.

The Committee continues to receive comprehensive bi-annual Information Security reports from the Technology Director and Chief Information Security Officer which, in the year, has included information relating to continual vulnerability scanning and maturity assessment, together with progress against an assurance programme encompassing specialist testing to validate the effectiveness of our internal security controls, identify potential weaknesses and the identification of any issues to be assessed for risks which can then be prioritised for remediation and be managed as part of the Company's risk management programme.

Artificial Intelligence (AI) – While we remain alive to both the opportunities as well as the risks associated with AI, currently it does not play a significant role in either our business operations or strategy. That said, we continue to develop our understanding of potential roles for AI in our business solutions, while also looking at areas where it could present as a significant risk. In this respect, we have incorporated an assessment of embedded AI capabilities in our selection criteria when shortlisting potential suppliers of Future Technology SaaS solution providers.

Therefore, this played an important consideration in FY2025 when recommending the technology partners for both our Warehouse and Transport Management operational platforms and the security tools deployed accelerating cyber-detection and response with autonomous reasoning and action, thereby providing the security team with insight and faster incident resolution. It will be an equally important consideration when assessing potential modern cloud data platform providers in FY2026, including in respect of a planned modern data stack analytics programme (which will itself be a key step in creating the core technology platforms and data required to enable more progression in this area). Furthermore, we currently have an approved 'Use of Generative AI' policy addressing these matters within the business and to guide colleagues in the moderated use of AI. We will continue to develop this approach as technologies evolve.

Health and Safety

Our approach and commitment to health and safety continues to be structured around a formal Occupational Health & Safety Management System (OHSMS) aligned to ISO 45001. This provides the governance framework through which risks are managed, incidents are investigated, and continual improvement is assured. Certification to ISO 45001 was successfully maintained in FY2025 following a BSI surveillance audit, with no non-conformities identified.

FY2025 marked the first year of our three-year Health & Safety journey – Build, Rise, Lead. The purpose of this plan is to strengthen foundations, embed consistency across the network, and set a clear path for continual improvement:

- Year 1 – Build (FY2025): establish strong foundations through improved reporting, risk assessment and control processes, and the roll-out of a paperless safety management system.
- Year 2 – Rise (FY2026): enhance performance by using data-driven insight, strengthening colleague engagement, and embedding investigation and corrective action processes.
- Year 3 – Lead (FY2027): position Smiths News as a leader in health and safety culture, benchmarking externally and driving innovation in risk management.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)

| | FY2025 | FY2024 | FY2023 | FY2022 |
|---|--------|--------|--------|--------|
| Specified injuries | 2 | 3 | 1 | 0 |
| Injuries resulting in over seven days' absence from work | 1 | 2 | 3 | 2 |
| Dangerous diseases resulting in over seven days' absence from work* | 0 | 0 | 0 | 0 |
| All RIDDOR | 3 | 5 | 4 | 2 |

* We have seen a 40% decrease in RIDDOR reportable incidents year-on-year dropping from 5 to 3 in FY2025.

In this first year, we have prioritised embedding consistent safety practices across our operational activities. This included launching new risk assessments and safe system of work processes, introducing enhanced materials handling training for colleagues, and implementing digital reporting platforms to give full visibility of compliance. These initiatives provide the framework for further improvement in incident prevention and cultural maturity.

Through a combination of a clear strategic roadmap, a certified management system, and active employee engagement, the Company continues to demonstrate its commitment to safeguarding colleagues and embedding a culture of safety across all operations.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)

The Company continues to monitor and manage its reporting of incidents and accidents however minor they may be, with a robust process of investigation (including root cause analysis and human factors) before the incident is considered closed.

The lost time frequency rate (LTFR - rate of lost time injuries per 100,000 working hours) for FY2025 was 0.31 (FY2024: 0.38) against a target of 0.32.

Our total accident frequency rate (rate of injuries per 100,000 working hours) was 1.84 against a target of 2.5, which reflects a 19% decrease year-on-year (FY2022: 2.64, FY2023: 2.44, FY2024: 2.29).

Audit Committee Report continued

Sustainability Assurances

Following on from the extension of the Committee's mandate to cover oversight of sustainability data, this year saw the completion of a project dedicated to ensuring that we collect and report the most accurate data across all of our sustainability pillars (see the Sustainability Report on page 42). This review of this data has led to the mapping of all data-collection processes which has provided assurances to the Committee in respect of the ongoing accuracy as well as the reliability of the underlying processes. While some shortcomings have been identified in some data and processes, these have been addressed to the Committee's satisfaction. Further investment in new IT systems (warehouse management and transport management systems) will further support the ability to replicate data more accurately and repeatably going forward.

Where data gaps were identified, these have now been corrected and rebased comparator years in line with regulations/guidance. See the Sustainability Report on page 42 for further details.

Bribery, fraud, anti-trust and whistleblowing

Across the Company we endeavour to embed a culture and environment in which workplace concerns can be raised and addressed without fear of recrimination. We have an independent whistleblowing process comprising both a hotline and reporting process, with multiple language capability, that is available 24 hours a day, 7 days a week. This confidential hotline enables colleagues to anonymously report any suspected incidences of fraud, bribery, modern slavery or non-compliance with Company policies, practices, or breaches of law. All such incidences are assessed and categorised according to severity and risk by the People Services team, which includes the appointment of an investigating manager. This approach is integral to our policies and procedures, further supported by training for managers and a zero-tolerance approach to serious breaches. Regular reviews ensure that updates are made in response to business initiatives and legislation; any significant changes are noted and discussed with the Executive Leadership Team and the Board.

| | Reports received | | Reports investigated and closed | Outstanding investigations |
|----------------|------------------|---|---------------------------------|----------------------------|
| | FY2025 | 7 | 7 | 0 |
| Whistleblowing | FY2024 | 7 | 7 | 0 |
| | FY2023 | 8 | 8 | 0 |

The Committee received quarterly reports on incidences of whistleblowing or other malpractices reported across the business. A total of seven incidences arose in the reporting period, but no such instances were material or of significance to the Company. Overall, these risk management processes each aid and improve the identification of, and mitigating actions to prevent and report, incidences of suspected fraud, tax evasion, data breaches, bribery, modern slavery or other forms of malpractice.

The Committee is also responsible for reviewing the Company's bribery and fraud detection systems and controls to ensure the prevention of any inappropriate behaviour. The Company has both Anti-Fraud and Anti-Bribery policies in place, each of which are reviewed annually by the Board. Separately, the Company has adopted a public statement reaffirming our zero tolerance stance in this regard, which is available on our website – Bribery and Corruption Statement. In addition, approval procedures are in place for the acceptance and management of gifts and corporate hospitality across the business which are aligned to the Company's Delegation of Authority matrix. All allegations of corruption are investigated by independent persons, and our whistleblowing hotline is accessible for the reporting of any allegations of corruption, with the additional option to directly contact either our Internal Audit or legal departments as alternative confidential lines of reporting. Both our payment systems as well as our expense claims processes maximise the identification of possible corruption and these form part of both the internal and external audit mandate.

In support of the prevention of anti-competitive practices including market-collusion, abuse of a dominant position, price-fixing and/or the illegal sharing of competitive information, we have a Competition Law Policy (which is available on our website) which is reviewed annually by the Board. Any allegations of anti-competitive behaviour are reported and addressed in the same manner as instances of bribery and corruption and may be directly addressed with either our Internal Audit or legal departments. We have a regulatory compliance certification process which must be completed annually by senior colleagues as confirmation that no anti-competitive practices have taken place in the year and that required training has been undertaken where applicable with their respective teams. Overall, these risk management processes each aid and improve the identification of, and mitigating actions to prevent and report, incidences of suspected fraud, tax evasion, data breaches, bribery, modern slavery or other forms of malpractice.

Significant financial statement reporting issues

The Committee has considered each of the following items listed below based on discussions with, and submissions by, management and satisfied itself as to the accounting treatment and presentation thereof, including disclosure within Note 1 to the Group Financial Statements. The most significant items were discussed with the external auditor during the planning stage and on completion of the audit. The key judgements and estimations in relation to the FY2025 financial statements were:

| Area | Matter considered | Outcome |
|--------------------------------------|---|--|
| Going concern and viability | <p>The Committee reviewed and challenged executive management's assessment of forecast cash flows over the relevant assessment periods, which were 18 months for going concern and 36 months for viability from the accounting reference date (16 months and 34 months respectively from the date of approval of the Group Financial Statements).</p> <p>The Committee considered the sensitivities within trading and expenditure plans, including a reverse stress test and five reasonable worse case downside scenarios which were linked to the principal and emerging risks as detailed on page 67.</p> <p>The Committee further reviewed the assumptions relating to material events occurring before the end of the assessment period, notably the renewal of publisher contracts. The refinancing of the Company's debt facilities that occurred in May 2024 and has now been extended to May 2028, with the option of a further extension to May 2029, was also considered in this assessment.</p> | <p>The Committee concluded that the assumptions used in the assessments and the periods of assessment were appropriate.</p> <p>In reviewing the Group's reverse stress tests, the Committee challenged executive management as to the likelihood of any such scenario occurring, to assess whether it was reasonable to assume that the likelihood of any such scenario was remote. Factors that were considered included the current trading performance of the business compared with the base case, the extent of revenue and operating profit decline that could impact the going concern of the Company and current expectations as to the severity of any inflationary impacts on cash flows.</p> <p>The Committee further concluded that appropriate consideration had been made of principal and emerging risks through the inclusion of the five downside risk scenarios and reverse stress test.</p> <p>The Committee noted the current level of average and peak debt and cash, the Company's debt financing facilities and the factors set out above to help it conclude that the application of the going concern basis for the preparation of the Group Financial Statements continues to be appropriate and therefore agreed the Group Financial Statements should be prepared on a going concern basis and recommended the approval of the Viability Statement.</p> <p>This disclosure in respect of going concern is set out in Note 1 to the Group Financial Statements on page 143.</p> |
| IFRS 15 – Revenue Recognition | <p>The Committee considered the appropriateness of accounting for revenue from the wholesale distribution as principal rather than as an agent.</p> <p>The Company is considered to be the principal based on the Company possessing credit risk of default by the customer together with 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; and it has the responsibility of fulfilling the performance obligation on delivery of inventory to its customers.</p> <p>Revenue from the delivery of wholesale products is recognised when the products are delivered to the retailer and there is no unfulfilled obligation that could affect the retailer's acceptance of the products, and the risks of obsolescence and loss have been transferred to the retailer.</p> <p>The Committee also considered other revenue streams and concluded that the same accounting treatment applies for these activities as applied for wholesale distribution in respect of the point at which revenue is recognised and the performance obligation has been met.</p> | <p>The Committee was satisfied that appropriate consideration had been made of the following factors which influence determination of principal/agent:</p> <ul style="list-style-type: none"> • primary responsibility for fulfilling the promise to distribute wholesale products, and perform services, is with Smiths News which is responsible for the timing of delivery, bearing risk of loss or damage and dealing with retailer complaints. • Smiths News also bears inventory risk noting the customer has a right of return and associated credit risk of default by the customer. • Smiths News has the discretion to establish prices with retailers including wholesale discounts. |

Audit Committee Report continued

| Area | Matter considered | Outcome |
|---|---|--|
| Carrying value of investment held by Smiths News plc in its subsidiary | <p>The Committee considered management's conclusion that an impairment of the investment carrying value held by the Company in its subsidiary should be recorded.</p> <p>It was noted that the Company's net investment had increased significantly due to the receipt of intercompany dividends, which is an indicator of impairment.</p> <p>The following indicators of impairment or reversal of impairment were identified as present:</p> <ul style="list-style-type: none"> ▪ increase in the risk-free rate (impairment); ▪ the Company's market capitalisation being below the investment carrying value (impairment); and ▪ lower net liability position (reversal). <p>The Committee also reviewed changes to the impairment assessment calculation, including the identification of components of the Group's cash flows, revision of terminal growth calculations, and discount rates.</p> | <p>The Committee received detailed reports from executive management outlining valuation methodology, identification of component cash flows, the basis for key assumptions (e.g. discount rate and terminal growth/decline rate), the key drivers for cash flow forecasts and the sensitivity of the assumptions used.</p> <p>After careful deliberation and challenge, the Committee was satisfied that these assumptions and the disclosure of sensitivities were appropriate.</p> <p>The Committee agreed with management's conclusion that a £178.1m impairment of the investment should be made.</p> |
| Alternative performance measures (APMs) and adjusted items | <p>The Committee closely monitored management's interpretation and definition of APMs, with focus on adjusted items. The Committee continues to review and challenge the classification of adjusted items in line with the Company's defined policy. The Committee also ensures sufficient involvement from external auditors in challenging management to ensure an appropriate level of judgement is exercised in their assessment.</p> <p>The Committee considered the appropriateness of the measure of adjusted profits, quality of earnings, and the classification and transparency of items separately disclosed as such.</p> <p>The Committee also considered the presentation of APMs in the Annual Report and Accounts in the context of the requirement that they are fair, balanced and understandable.</p> | <p>The Committee was satisfied that the presentation of APMs and adjusted profits provides a reasonable view of the underlying performance of the Company and that there was transparent and consistent disclosure of the items shown separately as adjusted items.</p> <p>The definition of APMs can be found in the Glossary on page 175. The accounting policy on adjusted items is set out in Note 1 to the Group Financial Statements on page 144.</p> |
| Property provisions | <p>The Committee reviewed the methodology used to calculate property provisions as at period end and, in particular, the use of historic settlements, forward inflation curves and discount rate within the assessment.</p> | <p>The Committee agreed that the property provisions held were appropriately recognised and measured.</p> |
| Contingent Liabilities | <p>The Committee reviewed correspondence with the Pensions Regulator (tPR) and external legal advice in relation to tPR's ongoing formal investigation into the Tuffnells defined benefit pension scheme and the Company's period of ownership of Tuffnells. The Committee considered how the investigation should be accounted for and disclosed in the Group Financial Statements.</p> | <p>The Committee agreed it was appropriate to account for the matter as a contingent liability and that the disclosure fairly sets out the Company's assessment.</p> |

Regulatory changes and adoption of new accounting standards

There have been no significant changes in accounting standards in the reporting period which are expected to materially impact the Company. However, we remain alert to any such changes and regularly receive updates on upcoming changes from both the external auditor and management.

The Committee continues to prepare for the forthcoming changes to the Corporate Governance Code, in particular to Provision 29, applicable from 1 January 2026 (for reporting by the Company with effect from August 2027) in relation to the monitoring of the Company's risk management and internal control frameworks, a review of their effectiveness vis-à-vis financial, operational, reporting and compliance controls and to report on each within the Company's Annual Report. The Company has commenced a process-based gap analysis of its risk management and internal control framework, which extends to identifying and mapping key processes, agreeing materiality thresholds and testing associated controls as well as any reassessment thereof, ahead of detailed disclosure within future reports.

External audit Independence

BDO was appointed as external auditor following a competitive tender process in January 2019. In light of Articles 16 and 17 of the EU Audit Regulation (as it forms part of the law of England and Wales by virtue of section 3 of the European Union (Withdrawal) Act 2018), the Company will put the external audit contract out to tender at least every ten years and will mandatorily rotate audit firm every 20 years. The Committee acknowledges that in line with professional standards, BDO has a policy of rotating the lead engagement partner every five years. Oliver Chinneck was appointed as the lead partner at the end of the FY2023 audit but as Oliver had previously served five years as a supporting partner he is therefore only permitted to serve as lead partner for two years in line with the independence and ethical standard requirements. As a result, Oliver is required to rotate off the account at the completion of the FY2025 audit, with Emma Jarvis to assume the role of Group audit partner for FY2026 onwards. The Committee considers the objectivity and independence of the Auditors taking into account the tenure of both the audit company as well as the lead auditor as set out above but also noting the independence confirmation by the Auditors in accordance with the Financial Reporting Council's (FRC) Ethical Standards, how they have demonstrated professional scepticism and challenged management where necessary as well as how they have identified risks applied to their audit processes.

Focus

- BDO present the audit plan (strategy and scope) for the financial year under audit, with key audit matters highlighted for special attention;
- Progress reports against the audit scope allows the Committee to monitor progress and raise any questions and to challenge both management and BDO;
- The Committee discusses, both internally and with BDO, the level to which BDO have demonstrated professional scepticism and challenge of management's position, specifically regarding estimations and judgements;
- Private meetings between the Committee and BDO are held regularly to encourage transparent feedback; and
- Review of feedback from Committee members, including views on how BDO has supported the work of the Committee and communicated with the Committee.

Formal evaluation

At the completion of the financial reporting and audit process a formal evaluation process is undertaken each year, which includes a written questionnaire distributed to each member of the Committee, the Chief Financial Officer and senior financial controllers from across the business. Subsequently, the Committee holds a dedicated session to discuss the collated responses, including any learnings and suggested areas for improvement, with BDO being afforded an opportunity to comment on any relevant findings and outcomes.

Key areas of focus in the evaluation of the external audit included:

- the external auditor's processes for its review of the Board's accounting judgements;
- understanding of key accounting matters and issues;
- independence and objectivity;
- the expertise and technical knowledge of the external audit teams;
- the scope, delivery and execution of the external auditor's audit plan;
- a review of the completeness, quality and timeliness of the audit;
- a review of the robustness and perceptiveness of the external auditor; and
- a review of formal reporting to the Committee.

Non-audit services

The Company has a formal policy on its relationship with the external auditor to ensure that the external auditor's independence is not impaired. Following regulatory changes and in light of the introduction by the Financial Reporting Council (FRC) of a new 2019 ethical standard (which applied with effect from March 2020), in FY2020 the Committee reviewed the revised ethical standard and amended our non-audit services policy at that time. In doing so, we removed the previous de minimis financial approval limits for non-audit services and adopted a 'whitelist' of non-audit services which may be provided by the external auditor in adherence to the new ethical standard. No changes have been made this year and, therefore, going forwards, the approval of both the Audit Committee Chairman and the CFO will continue to be required in respect of all non-audit service engagements and, as part of such approval process, where the maximum combined spend is likely to exceed 50% of the annual audit fee in any financial year, there is an express requirement to engage with the external auditor in order to ensure absolute compliance with the latest standards.

Audit Exemption

For the 52-week period ended 30 August 2025 the following wholly owned subsidiaries of the group are entitled to exemption from audit under section 479A of the Companies Act 2006. Smiths News plc is the ultimate parent company of these subsidiaries and has unanimously agreed to the adoption of the exemption and to the granting of the guarantee in accordance with section 479A of the Companies Act 2006:

- Dawson Holdings Limited – Reg No: 00034273
- Martin Lavell Limited – Reg No: 02654521
- Smiths News Investments Limited – Reg No: 06831284
- Dawson Media Direct Limited – Reg No: 06882366

Fees

Fees paid to BDO during the year in respect of non-audit services support for the Company's interim financial results amounted to £77,600 (FY2024: £65,800). The Committee considered, and was satisfied that, it was appropriate for BDO to undertake this work and that doing so did not affect their independence. Details of the total fees paid to BDO during the year in respect of audit and non-audit services are shown in Note 2 to the Group Financial Statements.

Audit Committee Report continued

Board approval

Prior to the Board's approval of the period-end Group Financial Statements, the Committee provided its view to the Board on the outcome of the statutory audit, explaining management's key accounting issues and judgements; the outcome of the auditor's assessment of key audit matters; other areas of audit focus and control deficiencies (if any); and how the statutory audit contributed to the integrity of the financial reporting process.

Conclusion

Following its review, the Committee concluded that it was satisfied that the external audit process had been independent, objective and effective, with the Committee's review concluding that:

- it was satisfied with the quality and independence of the BDO audit partner and team;
- BDO had undertaken an appropriate level of analysis, discussion and review of relevant management papers and underlying assumptions of the going concern and viability statements to demonstrate the adequacy and sufficiency of professional scepticism, audit challenge and critical assessment;
- the audit was well planned and executed on time, with key findings appropriately addressed; and
- BDO had a good understanding of the business and its internal control systems and reported in a clear and open manner.

Internal Audit

The Internal Audit function is an integral part of the Company's governance and risk management framework, as well as undertaking detailed reviews of the Company's internal system of controls which thereby assist the Committee, and the Board, to manage risk effectively and to protect the reputation, assets and overall sustainability of the Company through assessing whether the appropriate risks have been identified, reported and managed.

The Committee monitors and reviews the scope and effectiveness of the Internal Audit function and ensures it acts within the purpose, remit and authority as set out in its approved Internal Audit Charter, which itself is reviewed annually. To ensure such effectiveness the Head of Internal Audit & Risk has unfettered access to executive management as well as the Committee and the chair of the Committee, and as mentioned earlier, has opportunities to meet with the Committee in private.

Each year, the Committee considers and approves the internal audit workplan, which is designed to focus on identified key risks to ensure that they are managed effectively within the context of the Company's business objectives and risk appetite, and that appropriate internal controls are in place. The Committee will consider deviations from plan should the need arise and usually only in response to a material change in the risk profile highlighted through audit reports and/or as a result of a matter raised either by management or through a whistleblowing report.

Reports are provided to the Committee at each meeting, including updates on activities, resourcing levels, progress against plan, results from audits carried out and management's response to address any areas highlighted for improvement and timeliness thereof. The 20 audits scheduled for the review period were successfully completed in a timely manner and included the deferment of two audits and the addition of one injected audit, with no audit outcomes indicating an unacceptable conclusion. This has resulted in the Committee being satisfied that an effective review of the control framework and governance processes has taken place across the selected areas of our business and that, from an audit and assurance perspective, the Committee is satisfied that an adequate assurance process is in place in relation to the nature of the narrative disclosures in this Annual Report.

The process for the performance evaluation assessment of the Internal Audit function was reviewed in the year, with the questionnaire used being subject to some minor rephrasing of questions and being further enhanced by the introduction of a new Internal Audit effectiveness questionnaire for completion by the Executive Leadership Team members who had experienced internal audits in their functional areas in the financial year under review. The reviews indicated that the function is performing effectively and in accordance with good corporate governance principles.

Going concern and viability assessment

The Committee also reviewed a paper prepared by the Chief Financial Officer to support the going concern and viability assessment referred to on page 65. The Committee noted that the Company had £38.5m of available facilities at the end of the reporting period and achieved (0.1)x leverage covenant of bank net debt/ (cash) to Bank EBITDA. With current facilities in place until 2 May 2028 (with the option to extend for a further year, to 2 May 2029), the Company has a strong platform to continue in operation for the foreseeable future. On this basis and the evaluation of the impact of a number of sensitivity scenarios, the Committee concluded in its recommendation to the Board that the profit and cash forecasts supported the view that the business continues to be a going concern and can meet its liabilities as they fall due for a period greater than 12 months (being the going concern assessment period of 16 months) from the date of approval of the Group Financial Statements and that there is also a reasonable expectation that the Company will remain viable over the period of assessment for viability to August 2028. The viability statement on page 65 sets out further details on the process applied in relation to this assessment.

Fair, balanced and understandable

In line with the Committee's responsibility for ensuring there are robust financial reporting procedures and internal controls in place, and the UK Corporate Governance Code requirement for the Committee to advise the Board in relation to the Annual Report and Accounts, in particular whether, taken as a whole, it is fair, balanced and understandable, the Committee undertook an assessment of the 2025 Annual Report and Group Financial Statements. This incorporated the work undertaken by the Committee throughout the year to monitor financial reporting.

The process and outcome are set out opposite.

Oversight throughout the year

- Review of applicable accounting policies and pronouncements and their application
- Review of regular financial results and announcements
- Reports from the Chief Financial Officer, BDO and Company Secretary & General Counsel
- Reports from Internal Audit

Review Included

- Provision of outline plan including content and structure, design concept and timetable
- Consideration of regulatory and governance requirements for reporting
- Review of detailed reports from the Chief Financial Officer and BDO providing the opportunity for debate and challenge
- Summaries of areas where management judgements or significant accounting estimates had been made
- Monthly Board meetings where the management accounts and KPIs were each reviewed to ensure that the Company's financial, operational and commercial performance was appropriately assessed, reported and understood
- Consideration of going concern and longer-term viability
- Separate meetings with BDO without management present

Review Confirmed

- Well-documented planning and procedures for the preparation of this report
- Collaborative approach between all parties required to contribute to this report
- Basis of preparation consistent with financial reporting throughout the year
- All significant issues had been considered
- Messaging was consistent, particularly the narrative disclosures reflecting financial and ESG data

Conclusion

- After completion of the detailed review, the Committee was satisfied that:
 - taken as a whole, the Annual Report and Group Financial Statements in FY2025 are fair, balanced and understandable; and
 - the Annual Report accurately reflects the information shareholders would require in order to assess the Company's position and performance, business model and strategy

Recommendation

- The Committee reported its findings and conclusions to the Board.

Approval

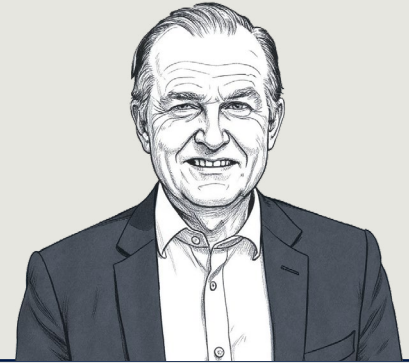
This report was approved by the Audit Committee and signed on its behalf by:

Mark Whiting

Audit Committee Chair

3 November 2025

Nominations Committee Report



David Blackwood
Nominations Committee Chair

Chairman's introduction

On behalf of the Nominations Committee, I am pleased to present the report for FY2025, which details our activities during the year, which primarily included changes in our Board composition and within broader leadership structures.

In terms of Board composition, Denise Collis stepped down from the Board at the AGM held in January 2025 and Manju Malhotra was appointed at the first meeting of the Board following the AGM. Manju has thus completed her first year on the Board and shareholders will have an opportunity to vote on her appointment for the first time at the forthcoming AGM to be held in January 2026. I am pleased to report that Manju has provided good input to all Board decisions and activities since her appointment and her full biography is available in the Corporate Governance Report (see page 76).

In March 2025 we also announced that Paul Baker (Chief Financial Officer) had tendered his resignation. Paul will leave the business in November 2025 in order to join a large private business, operating in a different sector. Paul has made a significant contribution during his time with the business and is leaving us in a strong financial and operational position and we wish Paul good luck for his future endeavours. The Company commenced an immediate search for Paul's successor, and I am pleased to confirm that in July 2025 we announced that Richard Clay would be joining the Company as CFO. Richard is expected to join the Company on 2 February 2026. More information is available on both the recruitment process and Richard himself, below.

We have also seen some changes in our executive leadership team, with Phil White retiring in September 2025. Phil has been with the business since June 1990 and headed our Dawson Media business which supplies airlines and travel points with printed and digital media products globally. More recently, Phil stepped up to lead our reverse logistics recycling proposition which has now been firmly established as one of our new verticals in the form of Smiths News Recycling.

With the expected departure of Phil, it was decided that our recycling business would benefit from a dedicated commercial and compliance expert in the sector and thus in July 2025 Adam Wylie joined the business as the new managing director of Smiths News Recycling.

As with last year, we have again taken strides to present our Annual Report in a more concise and integrated manner without repetition of information. To this end, I would direct you to the Stakeholder Engagement, Sustainability and People Reports (see pages 32, 42 and 28) respectively to read more about our approach to colleague engagement surveys and training. The Board's engagement process with our wider workforce continues through the Board's representative Non-Executive Director Michael Holt, who attends National Colleague Engagement Forum meetings together with ad hoc informal get-togethers with colleagues either in person or remotely and reports back to the Board accordingly. We remain of the view that this process best meets the needs of our business and ensures that the views of our colleagues are appropriately communicated back to the Board and considered in our decision-making. Accordingly, we will continue to adopt this approach going forward.

This year, the Company has made good progress in promoting diversity and inclusion throughout the business, including at Board-level. I have dealt with this in some detail in my statement on the introduction to governance and thus would refer you to that section which can be found on page 74.

Finally, I would like to welcome Richard to the Board as we bid farewell to Paul with our sincere appreciation for his valued contribution and we wish him well in his future endeavours.

Further information on the Committee can also be found in the Corporate Governance Report on page 76.

David Blackwood
Chairman

3 November 2025

Composition and attendance¹

| Members throughout the year | Committee member since | Meeting attendance |
|-----------------------------|------------------------|--------------------|
| David Blackwood – Chair | 13 May 2020 | 2/2 |
| Mark Whiteling | 1 September 2017 | 2/2 |
| Manju Malhotra | 31 January 2025 | 2/2 |
| Michael Holt | 1 October 2018 | 2/2 |
| Deborah Rabey | 1 March 2023 | 2/2 |

¹ The maximum number of meetings held during the year that each Director could attend is shown next to the number attended.

The composition of the Committee meets the 2018 UK Corporate Governance Code requirement that the majority of members are independent non-executive directors.

The Committee met twice during the year and all Committee members attended all meetings. At the invitation of the Committee, certain executive directors and management attended the meetings from time to time.

The detailed roles and responsibilities of the Committee are set out in the Terms of Reference which can be found here: www.smithsnews.co.uk/wp-content/uploads/Nominations_Committee_Terms_of_Reference_2025.pdf

Activity in FY2025

The key responsibilities of the Committee are to lead the process for Board appointments, having due regard to Board diversity, oversee the induction of new members, ensure orderly succession planning so as to maintain an appropriate balance of skills and experience on the Board and to review any training requirements of Board members. The detailed roles and responsibilities of the Committee can be found in the Terms of Reference which are published on our website.

Key matters addressed by the Committee October 2024

- Received reports on talent review and succession planning for the Executive Leadership Team as well as retention strategies
- Received a Diversity and Inclusion update
- Received an update on the search process for a new Non-Executive Director

June 2025

- Considered and approved the appointment of our new CFO

Board composition, succession and attendance

The Committee continues to review and take into consideration the current established composition of the Board against the spread of anticipated Board retirement dates (as set out on the next page) and this year has taken positive steps to ensure and promote continuity in anticipation of the expectation that Mark Whiteling will step down and retire from the Board at the conclusion of the 2027 AGM in line with the 'nine-year independence' provision applicable to non-executive directors pursuant to the UK Corporate Governance Code provisions. Accordingly, following the 2025 AGM, Manju Malhotra was appointed as independent Non-Executive Director (also assuming the role of chair-designate to the Audit Committee) and will work alongside Mark to ensure a smooth transition. With the retirement from the Board of Denise Collis at the conclusion of the 2025 AGM, Michael Holt took up the role of chair of the Remuneration Committee, which position he has ably fulfilled.

As explained in my governance introduction and in line with our commitment to D&I, as we look at future non-executive director recruitment, including the appointment of the Senior Independent Director (SID) upon Mark's retirement from the Board, we will endeavour to ensure that candidate lists are compiled from a broad and diverse range of candidates. All directors are required to put themselves up for annual re-election at each AGM as part of the conditions of their appointment with the staggering of the respective tenures of Directors ensuring a period of stability and continuity on the Board and which helps naturally to ensure the robustness of the Company's succession planning processes for the future.

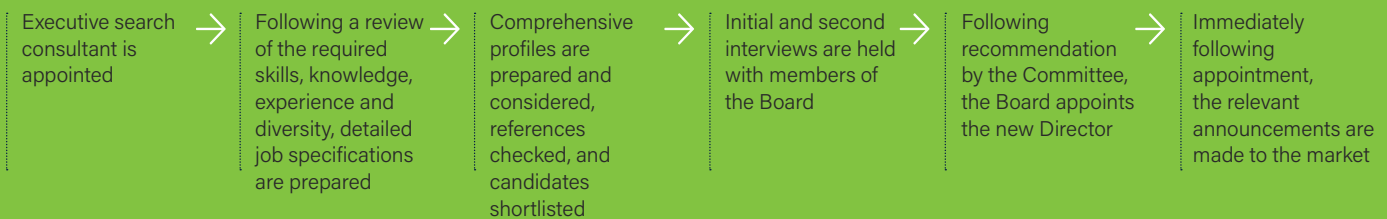
Nominations Committee Report continued

Board composition, succession and attendance

| Name | Date of appointment | Date of intended Board retirement – on or before | Last AGM for annual re-election |
|-----------------|---------------------|--|---------------------------------|
| Mark Whiting | 1 September 2017 | January 2027 AGM | January 2026 |
| Michael Holt | 1 October 2018 | January 2028 AGM | January 2027 |
| David Blackwood | 13 May 2020 | January 2030 AGM | January 2029 |
| Deborah Rabey | 1 March 2023 | January 2033 AGM | January 2032 |
| Manju Malhotra | 31 January 2025 | January 2035 AGM | January 2034 |

This year an external Board evaluation process was undertaken in line with the FRC's Guidance on Board Effectiveness three-year rule and as this has been covered in Corporate Governance Report I do not intend to repeat it here and would refer you to page 86 for the details. It is, however, worth repeating that the Board and its Committees was found to be operating effectively and in accordance with good corporate governance principles, with no significant problems identified. The chemistry of this Board – or its culture, as they are closely related, is good, stemming from the executive leadership of the Company, combined with a good rapport between myself, as chair, and the CEO. As part of the evaluation assessment process, individual sessions were held between the Chair and all Directors, with the SID responsible for the Chair's evaluation. As part of this process, we focussed on ensuring all directors met, and continue to meet, the expectation of being able to devote the required amount of time and energy to the business of the Company. We also discussed any developmental and training needs, opportunities and shortcomings against the Board's current skills, experience, expertise and composition, ensuring that the Board possesses the right blend of skills, expertise, commitment and experience. Any identified shortcomings are to be routinely considered as part of succession planning while also striving to reflect today's talent and customer pools to build balanced leadership.

Process for the identification and appointment of new Directors



Chief Financial Officer appointment

The process for the identification and appointment of new Directors is formal, rigorous and transparent:

Following Paul Baker's resignation in March 2025 a recruitment selection process was commenced with the development of a detailed role specification and the appointment of Odgers via a targeted tender process to assist with the search process to identify possible suitable candidates. The job specification and role requirements were considered and approved by the Committee, with the focus on a candidate with a strong commercial and financial background. The Committee considered the benefits of diversity, including gender and ethnicity amongst the requisite skills, knowledge, attributes and experience necessary to meet the demands of the position, and the Company as a whole. The initial 'long list' of candidates included people from diverse backgrounds with such candidates also being taken forward to the second stage shortlisting. The interview panel included the Board Chairman, the Chief Executive Officer and the Senior Independent Director, with skills, knowledge and attributes being identified as primary areas of differentiation and prioritisation, with the importance of cultural alignment and experience also acknowledged as being important. The successful candidate was selected because of his greater breadth of experience, including the fact that he had been operating as an interim CFO in a listed environment, he had a good track record of strategic problem solving and was seen to be a good fit with the Smiths News culture. Prior to the final decision the recommendation was shared with the Nominations Committee. Finally, on 31 July 2025 the Company duly announced that Richard Clay would be appointed Chief Financial Officer and a Director of the Board, effective from his starting date with the Company which is expected to be 2 February 2026.

Richard has extensive experience in senior finance and strategic roles across financial and support services. He is presently employed by ZIGUP plc, a leading integrated mobility solutions provider, where he currently holds the role of Interim CFO and UK&I Group Finance Director. Prior to his role at ZIGUP, Richard held several FD and CFO roles at Barclays, in the Business and Corporate Banking divisions. He is a qualified accountant and began his career with Deloitte, spending eight years in their Corporate Finance division focused on strategic change.

The Committee can confirm that Odgers has no other connection with the Company or the directors, that all selection decisions were based on merit and that all recruitment activities were fair and non-discriminatory.

Talent management and succession planning

We operate a structured talent management process for our most senior leaders, conducted twice annually across the business and reviewed annually by the Committee. This process assesses both performance and potential, ensuring that individuals, particularly those identified as high potential, have tailored development plans in place. These insights directly inform our organisation-wide succession planning efforts, which considers both short-term coverage and long-term appointments, acknowledging that these may involve different individuals.

As part of this approach, we continue to map our talent pool and provide targeted development support to enable proactive succession planning for critical roles. This includes building a diverse pipeline of future leaders. We recognise that career progression and personal development are essential for attracting and retaining top talent. To support this, we have continued to actively promote initiatives such as our 'Trusted Leadership' programme along with broadening out our 'Leading Through Change' programme, which has been particularly well received.

A core ambition remains our commitment to development for all. By supporting colleagues in their personal growth journey, we aim to cultivate a robust pipeline of talent capable of stepping into senior and executive roles, alongside developing the core skills within the business which will ensure our continued success. An example of this is our Operational Excellence programme which has gathered momentum this year, with two cohorts of colleagues commencing apprenticeships to support the roll out of the programme which is focused on continuous improvement through systematic optimisation of processes, systems, and culture to achieve strategic objectives and deliver superior customer value.

For further details on our progress toward the 'development for all' ambition, please refer to the People Report on page 28.

Diversity and Inclusion

This topic has already been addressed in some detail within the Chairman's Introduction to Governance on page 74, the Corporate Governance Report on page 76 as well as in the People Report on page 28 and therefore it is not proposed to replicate this information here, but we would direct the reader to the aforementioned references as part of this report.

We remain committed to being a business that is welcoming to people from all walks of life, providing everyone with the opportunity to become the best version of themselves. We highlight the importance of Diversity & Inclusion throughout the whole of our recruitment process, ensuring that appropriate tools and materials underpin the integrity of the process. This is an approach applicable to all roles across the business, up to and inclusive of the Executive Leadership Team. We have a dedicated D&I Manager as well as a number of network groups under our 'Everyone In' banner, made up of colleagues across the business and dedicated to supporting such groups as Mind Matters, Pride News, Women in News and Beyond Barriers which champion accessibility and understanding, further supporting Smiths News to become a Disability and Carer confident employer.

Approval

This report was approved by the Nominations Committee and signed on its behalf by:

David Blackwood

Nominations Committee Chair

3 November 2025

Directors' Remuneration Report



Michael Holt
Remuneration Committee Chair

Shareholder letter from the Chair of the Remuneration Committee

Dear shareholder

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year ended 30 August 2025, my first as the new Chair of the Remuneration Committee, having been appointed as a result of Denise Collis' retirement from the Board following the expiry of her nine-year term at our AGM held on 16 January 2025.

Backdrop to the operation of the policy and our performance in FY2025

FY2025 represented a year of strong performance across the Group, underpinned by the resilience of our news and magazines business. Trading was ahead of market expectations, supported by the continued delivery of operational efficiencies and strong free cash flow generation. Trading was also bolstered by increased sales, in particular of collectables with the continuing popularity of Pokémon a key success story.

The successful renewal of publisher contracts now secures nearly 93% of existing publisher revenue streams through to at least 2029, providing both short and medium-term visibility in our revenue base and supporting the expansion of our early morning supply chain services.

Our internal investment programme continues to progress, with a new warehouse management system now live and operational at our Hemel Hempstead distribution hub and a wider transport management system underway and scheduled for implementation during Spring 2026. These new platforms are designed to be flexible and scalable, enhancing efficiencies across all our operational activities as well as supporting our Growth initiatives across three target verticals, leveraging our expertise in warehousing, reverse logistics, and early-morning final mile delivery.

In the spring of 2025, we also completed the first phase of the refurbishment of our head office in Swindon, providing a much more efficient, collaborative and modern working environment for our colleagues, underpinning our commitment to the future of Smiths News and Swindon.

In this context, the Committee has undertaken a review of the remuneration policy to ensure it continues to operate effectively, aligning reward with performance and ensuring outcomes remain proportionate and fair across all stakeholder groups. Further details in relation to this are set out later in this letter.

Board Changes

In March 2025, the Company announced that Paul Baker had taken the decision to step down as an Executive Director and Chief Financial Officer to join a large private business in a different sector. Paul is eligible to receive the FY2025 bonus as he was actively employed for the entire year but will not be entitled to receive a bonus for FY2026 and his FY2023-2025 LTIP and all other in-flight LTIPs will lapse on cessation of his employment.

We were delighted to announce the appointment of Richard Clay as our new Chief Financial Officer in July 2025. Richard is expected to join the Board no later than 30 January 2026. The Committee determined a remuneration package in line with the new Directors' remuneration policy summarised below.

- Salary of £345,785 per annum, this is in line with our current CFO's salary increased by the workforce pay increase effective 1 September 2025
- Annual bonus opportunity of 100% of salary
- LTIP award of 110% of salary subject to approval of the new policy
- Pension of 5% of salary
- Benefits in line with policy

As part of Richard Clay's recruitment, the Committee agreed compensation for remuneration forfeited from his previous employer. The buy-out of the 2023 LTIP award forfeited will be structured on consistent terms and granted following Richard's commencement of employment with the Group. We have also agreed that the FY2026 bonus opportunity will not be pro-rated from his start date to recognise the forfeiture of his in-year annual bonus with his previous employer. Full details will be disclosed in next year's report.

Composition and attendance¹

| Members throughout the year | Committee member since | Meeting attendance |
|--|------------------------|--------------------|
| Michael Holt – Chair (from 16 January 2025) | 1 October 2018 | 5/5 |
| Denise Collis – Chair (retired on 16 January 2025) | 1 December 2015 | 3/3 |
| David Blackwood | 13 May 2020 | 5/5 |
| Deborah Rabey | 1 March 2023 | 5/5 |
| Mark Whiteling | 1 September 2017 | 5/5 |
| Manju Malhotra | 16 January 2025 | 2/2 |

¹ The maximum number of meetings held during the year that each director could attend is shown next to the number attended.

The Committee met 5 times during the year. All Committee members attended each of the meetings. For further details on attendance, please refer to the Corporate Governance Report on page 76.

The composition of the Committee meets the 2018 UK Corporate Governance Code requirement that the majority of members are independent non-executive directors.

At the invitation of the Committee, certain executive directors and management attended the meetings from time to time.

The detailed roles and responsibilities of the Committee are set out in the Terms of Reference which can be found here: www.smithsnews.co.uk/wp-content/uploads/Remuneration_Committee_Terms_of_Reference_2025.pdf

Variable pay outcomes in FY2025

The FY2025 bonus was based 70% on Adjusted Operating Profit, the key measure of profitability against which business performance was assessed over the year in line with our internal financial reporting, and 30% on personal objectives based on our operational and strategic KPIs. In addition, a minimum performance rating on the personal objectives was required to be met before the financial performance element could be paid, with the Committee also having a general power to adjust any formula-driven outturns, if required.

As a result of both Adjusted Operating Profit of £39.078m for FY2025 and the successful delivery of the operational KPIs under the personal objectives, the annual bonus pay out is between target and maximum, resulting from:

- a pay out for the financial metric at 92.08% (i.e. 64.46% of the 70% bonus opportunity); and
- for the personal element in respect of each Executive Director's performance against their respective personal objectives:
 - at 62.5% (i.e. 18.75% of the 30% bonus opportunity) for Jonathan Bunting; and
 - at 50% (i.e. 15% of the 30% bonus opportunity) for Paul Baker.

Accordingly, this has resulted in an annual bonus payout of 83.21% of the maximum 100% opportunity for Jonathan Bunting and an annual bonus payout of 79.46% of the maximum 100% opportunity for Paul Baker.

In determining this outcome, the Committee has carefully considered the following:

- the directors' individual performances against their personal objectives, taking into consideration the financial performance 'underpin' whereby the Committee may scale back the personal element of the bonus if this is not deemed appropriate in light of financial performance or shareholder experience; and
- the application of the FY2025 bonus scheme across all scheme participants through the 'fairness lens', to ensure that there has not been an unmerited bias of higher bonus outcomes (and payments), as a percentage of maximum reward opportunity, with seniority.

Overall, the Committee is satisfied that the bonus payments to the Executive Directors are appropriate, representing a strong link between reward and performance and shareholder alignment, as well as being consistent with the treatment of bonus payments for colleagues. On this basis, the Committee determined that there was no need to use discretion to adjust the outcome derived from the annual bonus performance conditions.

In respect of the FY2023-2025 LTIP award for which the performance period ended on 30 August 2025, this was weighted 30% against the final year (FY2025's) free cash flow targets and 70% against TSR relative to the FTSE Small Cap (excluding investment trusts). Based on the Company's TSR performance of 123.5% over the performance period, equivalent to above upper quartile performance against the FTSE Small Cap, this results in a payout of 100.0% of the TSR metric.

The free cash flow performance in FY2025 was £37.0m, which is marginally above threshold performance. This has resulted in 27.0% payout of the adjusted free cash flow metric. Overall, the vesting outcome for the FY2023-25 LTIP award is therefore 78.1% of maximum. The Committee has considered the formulaic outturn and confirms that it remains comfortable that the payout level is appropriate in light of the overall performance and shareholder experience over the three-year performance period, and that no discretion is necessary to adjust the outturn.

Remuneration Policy review

Under the leadership of our Chief Executive Officer Jonathan Bunting, who was appointed in 2020, and with a refreshed and now well-established Executive Leadership Team (albeit acknowledging the imminent departure of the Chief Financial Officer who has resigned to pursue an opportunity at a private company), we have stabilised financial performance, refocused business priorities, re-secured publisher contracts through to at least 2029, strengthened our balance sheet through material de-leveraging and improved market value, cash flow and total investor returns.

The Committee has reviewed the current policy in light of the above together with our business strategy, latest corporate governance and institutional investor developments, evolving market practice and, in particular, a considered review of our variable pay construct in order to promote both the retention and motivation of the established executive team and to ensure that we can compete for future talent.

Directors' Remuneration Report continued

Proposed changes to our remuneration policy and approach

Historically, we have always applied incentive plan opportunities for the annual bonus (ABP) and the LTIP at a lower level than the policy approved by shareholders, recognising that it was appropriate to do so when the business performance was below shareholder expectations. Having now stabilised the business and with considered steps underway to explore growth-related opportunities, the Committee has undertaken peer benchmarking and considered the overall structure of the incentive arrangements. As a result of the outcome of this review and in consideration of evolving market practice, it has become clear to the Committee that the variable incentive opportunities for the bonus (100% applied limit vs a 125% policy limit) and LTIP (100% applied limit vs a 150% policy limit) each benchmark at a lower quartile market positioning, potentially undermining the Company's ability to retain and compete for talent.

The Committee believes that the time is therefore now right to increase the LTIP applied incentive opportunity from 100% of salary to 125% of salary for the Chief Executive Officer and from 100% of salary to 110% of salary for our new Chief Financial Officer (policy limit to remain at 150%). However, for prudent and proportionate affordability reasons, it has been decided not to adjust the ABP at this time (hence, this would remain at an applied limit of 100% within the 125% of salary limit for now).

The Committee has nonetheless determined that it would look to increase the ABP and/or LTIP applied incentive opportunities above the current levels (and therefore approaching the median peer benchmark variable pay position) if it considers the conditions to be right to do so. For instance, we would expect amongst others (i) the share price to be strong; (ii) financial profitability to support the additional P&L cost; and/or (iii) any increase to be supported by commensurate and stretching targets – so, any increase over the three-year policy period, up to the normal policy limit to either or both bonus (i.e. from 100% to 125% of salary) and LTIP grant level (i.e. from 110%/125% to 150% of salary) is by no means going to happen automatically. Any such changes, if and when introduced, would fall within the current policy limits and would be communicated in future reports.

There will be no change to our approach to fixed pay, with modest salary increases normally at or below the workforce average.

Therefore, any increase in remuneration opportunity will be solely linked to the achievement of stretching performance conditions linked to our business strategy.

We have checked the resultant remuneration positioning against market data, and we are comfortable that keeping fixed pay unchanged, but potentially increasing performance-linked remuneration over the three-year cycle will, in due course, provide a broadly mid-market package for the Chief Executive Officer and new Chief Financial Officer, with a more market-aligned balance between fixed and performance linked elements.

The Committee has also considered carefully the structure of the incentive plans and whether this is striking the right balance between providing a market competitive structure to attract and retain executives of the necessary calibre, whilst still providing a strong alignment of interest with shareholders. In this regard, we have regretfully lost our Chief Financial Officer to an opportunity at a private company which offers an enhanced cash package with no deferral or shareholding requirements, and in conducting an executive search for a new Chief Financial Officer we have found that our current package is far more stringent in several respects than the market.

Accordingly, we have reviewed our policy structure compared to our peers and propose to change the structure in a few respects. The objective has been to bring all aspects of the structure into line with market, investor and UK Corporate Governance Code requirements, having been significantly more stringent in this regard up to now. The structural changes are set out below.

| Element | Current policy/ application | Proposed policy/ application | Rationale |
|---|--|---|--|
| Annual bonus | | | |
| Annual bonus payment level for threshold performance | For achievement of threshold performance bonus begins to accrue at 0% | For achievement of threshold performance bonus begins to accrue at 20% | Rare nowadays to accrue bonus at 0% for threshold performance. 10%-25% more normal |
| Annual bonus deferral proportion | 50% of bonus earned | 33% of bonus earned | 50% deferral at the very top end of market practice. 33% deferral market standard and many peers have less stringent deferral requirements |
| Interplay of bonus deferral with 200% of salary shareholding requirement | Continue to defer 50% of bonus irrespective of shareholding | Bonus deferral reduces from 33% to 15% of any bonus earned when the required shareholding level is achieved | There is strong alignment with shareholders at that point and there will be a tail of up to five LTIP awards at various stages of vesting and holding requirements, on top of 200% of salary worth of shares |
| Long Term Incentive Plan | | | |
| LTIP vesting level for threshold performance | For achievement of threshold performance, LTIP award vests at 20% | For achievement of threshold performance, the LTIP award vests at 25% | 25% is the market standard start-to-earn point for LTIP awards at this level |
| Shareholding requirements | | | |
| Percentage of deferred bonus or LTIP required to be retained (after tax) until 200% of salary requirement is achieved | Until shareholding requirement is achieved, 75% of a deferred share bonus or LTIP award is required to be retained | 75% retention reduced to 50% | Practice varies, but 50% retention is more market standard than 75% |

We consulted extensively with our major shareholders and the feedback received was broadly supportive, albeit with some feedback on specific points. The Committee made one adjustment from that originally proposed, relating to bonus deferral. The original proposal was that the level of annual bonus deferral should be reduced from 50% of any bonus earned to 33%, and that, furthermore, once the 200% of salary shareholding guideline level had been achieved, the bonus could be payable 100% in cash with no deferral. We had some feedback that an element of continued bonus deferral can be helpful from a malus perspective (should this ever be required to be invoked) and provides continuing alignment with shareholders' interests. As a result, the Committee determined that the level of deferral in shares should be revised to 15% of any bonus earned, rather than bonus being payable 100% in cash, for any executive who has reached their required shareholding level.

We are grateful to our major shareholders for their help in shaping the new policy.

Operation of the new Remuneration Policy in FY2026

The base salaries of the Chief Executive Officer and current Chief Financial Officer were increased by 3% in line with the workforce increase. Our new Chief Financial Officer will receive a salary of £345,785. Separately, the Board has agreed an increase of 3% to the fee rates of the Chairman and non-executive directors, including the fees for the chairing of Committees, the Senior Independent Director and the NED responsible for employee engagement, with effect from 1 September 2025.

For the Executive Directors, the annual bonus opportunity will remain at 100% of base salary, with 70% of the bonus subject to Adjusted Operating Profit and the remaining 30% will be subject to personal objectives. Whilst the specific targets are considered to be commercially sensitive and will be reported retrospectively in next year's report, the Committee has extensively reviewed the Adjusted Operating Profit target range in order to ensure that it represents a stretching expectation when considered in light of the structural decline of news print, our cost-out expectations and ambitious growth plans for FY2026 and analysts' consensus expectations for our FY2026 profit performance. Following this review, we have concluded that these targets are particularly challenging and represent an appropriate level of stretch. Subject to approval of the new policy, one-third of any bonus payment will be paid in shares subject to a two-year holding period.

The LTIP grant level for the FY2026-2028 award will increase to 125% of base salary for the Chief Executive Officer and will be 110% of salary for the new Chief Financial Officer subject to approval of the new policy. The Committee carefully considered the performance metrics, having taken into account investor feedback. This included consideration of whether another group-based financial measure should be added to the mix and the overlap with the profit measure in the annual bonus. The Committee concluded that the relative TSR measure supports the Group strategy well, particularly in relation to focusing on returns to shareholders (including special dividends) and determined that the TSR weighting should be increased to 70% of the award (from 60% currently), with the remaining 30% weighting unchanged, based on Profit from Growth and Diversified Activities. The majority weighting on Group performance, whilst still providing a meaningful minority element based on the growth measures, was felt to provide the right balance at the current time. ESG remains a focus in relation to previous LTIP awards, with targets based on Scope 1, 2 and 3 reductions in FY2026 and FY2027 and our broad ESG strategy remains a priority within the business, and we may revert to including an ESG element in the future should this be considered appropriate.

The target ranges for each measure are set out later in this report.

Broader employee remuneration considerations and employee engagement

The Committee has continued its focus on the 'fairness agenda' during the year as part of its review of workforce remuneration. This year, our approach to colleague engagement has evolved. As Chair of the Remuneration Committee and the NED responsible for colleague engagement I facilitated several workforce discussion sessions during the year covering a broad range of subject areas, including topics such as the purpose and role of the Remuneration Committee, and the approach to remuneration throughout the workforce. These sessions have been more informal in nature, encouraging open conversations with colleagues at all levels across the business. Feedback from these conversations has been valuable and is shared with the Committee, informing future reward planning.

In addition, in line with previous years, the topic of workforce remuneration was discussed in detail in the Committee's meeting in March 2025, with a particular focus on the following areas:

- Considering the scale of the National Living Wage increase effective 1 April 2025;
- Considering the total reward offering for colleagues and noting the continuous review of the Group's current value proposition and benefits offering;

- Noting the successful execution of reward and payroll initiatives following colleague consultation;
- Reviewing the Reward Strategy proposal and its alignment with the new grading framework; and
- Approving the 2025 SAYE offer with a 20% discount price, and noting the increased participation rates this year with a significant majority of the take-up from lower employee grades.

New Long Term Incentive Plan (LTIP) Rules

The current LTIP rules are coming up to their 10-year expiry date and so under resolution 4 we are seeking shareholder approval for new LTIP plan rules. The terms of the new LTIP are set out in the separate shareholder circular.

Concluding remarks

The Committee remains mindful that the decisions around executive pay outcomes should be proportionate and demonstrate a strong link between reward, performance and shareholder alignment. In this light, we are comfortable that the policy has operated as intended for FY2025 and remuneration is appropriate, taking into account internal and external factors and measures (including pay ratios and gaps, colleague pay and the fairness agenda, and the overall stakeholder experience).

As the new Chair of the Remuneration Committee, I would like to acknowledge the significant contribution of my predecessor, Denise Collis. Her commitment to fairness, transparency, and alignment with stakeholder interests has laid a strong foundation for our ongoing work.

Looking ahead, the Committee remains firmly focused on ensuring that executive remuneration continues to reflect performance, supports the delivery of our strategic priorities, and aligns with shareholder expectations under our new policy.

I am committed to building on the Committee's legacy and fostering open dialogue with shareholders and stakeholders as we navigate the evolving landscape of executive pay. Thank you for your continued engagement and support.

Michael Holt

Remuneration Committee Chair

3 November 2025

Directors' Remuneration Report continued

Directors' Remuneration Policy

At-a-glance summary

A summary of the new policy and its application for FY2026 is shown below.

| Policy element | Jonathan Bunting Chief Executive Officer | Richard Clay Chief Financial Officer |
|---|---|---|
| Annualised base salary from 31 August 2025 (on appointment) | £530,787 | £345,785 |
| % increase from prior year | 3% | N/A |
| Pension for FY2026 | 5% of base salary, aligned to the rate available to the majority of the workforce | |
| Annual bonus (ABP) | 100% of base salary | |
| Annual bonus metrics | Adjusted Operating Profit (70%) Personal objectives (30%) | |
| ABP payment for threshold performance | 20% of base salary | |
| ABP payment for on-target performance | 50% of base salary | |
| Deferred Bonus Plan (DBP) | 33% of annual bonus deferred for 2 years in shares Deferral reduces to 15% of bonus earned if an Executive Director has met their shareholding guideline | |
| LTIP | 125% of base salary for the Chief Executive Officer 110% of base salary for the Chief Financial Officer | |
| LTIP metrics | Relative Total Shareholder Return vs FTSE Small Cap (70%) Profit from Growth and Diversified Activities (30%) | |
| LTIP payment for threshold performance | 25% of award | |
| LTIP post-vesting holding period | 2 years | |
| Malus and clawback | Applies to awards made under the ABP, DBP and LTIP | |
| Shareholding guidelines requirement | 200% of base salary | |
| Post-cessation of employment shareholding requirement | Lower of 200% of base salary or shareholding on departure for 2 years post-cessation, excluding self-purchased shares | |

Introduction

This report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the relevant provisions of the Companies Act 2006 and on the basis prescribed in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Where required, data has been audited by BDO LLP and is indicated accordingly.

Directors' Remuneration Policy

The following section sets out the Company's policy on remuneration for Executive and Non-Executive Directors, which will be put to shareholder vote at the Annual General Meeting on 29 January 2026. It is intended that the Directors' Remuneration Policy will apply from this date for the maximum three years permitted by the regulations and so, in the absence of a new or amended policy or as otherwise required by law, will only be brought back to the shareholders at the Company's Annual General Meeting in 2029.

Decision-making process for the determination, review and implementation of the Directors' Remuneration Policy

The aim of the policy remains to facilitate delivery of our long-term strategy through attracting, retaining and motivating high-calibre directors with the necessary skills and experience. In designing the policy, the Committee has considered our business strategy, corporate governance developments, investor and investor representative body views and market practice. Where changes are made to the remuneration policy or a material change to operation, we will consult with our largest shareholders to ensure their views are taken into account. In addition, the Committee also considers management's and colleagues' views and input from its independent remuneration consultants.

Any potential conflicts of interest are managed by ensuring that no individual is involved in discussions regarding their own remuneration arrangements and that remuneration is fully aligned to and supports our business strategy and culture. When reviewing and implementing the policy, the Committee also carefully considers the remuneration arrangements, policies and practices of the workforce and the cascade of remuneration throughout the business.

Summary of proposed changes to the Directors' Remuneration Policy

Annual bonus

- Deferral has been reduced from 50% of bonus earned to 33% of bonus earned.
- Where Executive Directors' have met and continue to exceed their shareholding guideline of 200% of salary, bonus deferral will be reduced to 15% of bonus earned for subsequent bonus payments.
- Up to 20% of maximum will be payable for achievement of threshold performance (previously 0% payable for threshold performance).

LTIP

- Up to 25% of maximum will be payable for achievement of threshold performance (previously 20% payable for threshold performance).
- Clarification that dividend equivalents may be paid in cash or shares.

Malus and clawback

- The malus and clawback provision trigger events for the annual bonus and long-term incentive plans will be broadened to include the failure of risk management and the circumstance of the Committee treating a director as a good leaver due to retirement but the director then returning to executive employment.

Shareholding guideline

- Executive Directors will be required to retain 50% of the shares vesting under share incentive arrangements (previously 75%) until the shareholding guideline has been met.

Executive Directors

The table below sets out the Company's Remuneration Policy for Executive Directors:

| Element | Purpose and link to strategy | Operation | Maximum | Performance conditions |
|--------------------|---|--|---|------------------------|
| Base salary | Provide fixed remuneration which is sufficient to recruit and retain individuals of the necessary calibre. | Salaries are set by the Committee taking into account: <ul style="list-style-type: none"> • the skills and experience of the individual; • the size and scope of the role; • market data for similar roles in comparable companies; and • performance of the individual and the business. Typically, salaries are reviewed annually, with any changes effective from 1 September each year. | There is no prescribed maximum salary. Salary increases will normally be in line with salary increases generally for colleagues. Larger increases may be awarded where the Committee considers it appropriate to reflect, for example: <ul style="list-style-type: none"> • significant changes in the size and/or complexity of the Group and/or of the role; or • individuals being moved to market positioning over time. | None. |
| Benefits | Ensure that benefits are sufficient to recruit and retain individuals of the necessary calibre and provide business continuity. | Executive Directors are eligible to receive benefits which may include a company car (or cash equivalent), private medical insurance, a periodic health assessment and permanent health insurance. Where relevant, other benefits to reflect specific individual circumstances, such as housing, relocation, travel or expatriate allowances may also be provided. Executive Directors are also provided with insured Death in Service benefits. | There is no prescribed maximum monetary value of benefits. Benefit provision is set at a level which the Committee considers to be appropriate for the nature and location of the role. | None. |
| Pension | Contribute towards funding later life cost of living. | Executive Directors may participate in the Group's defined contribution pension plan, receive a salary supplement or a combination of the two. | The maximum employer contribution or salary supplement for executive directors is the contribution available to the majority of the workforce, currently 5% of salary. | None. |

Directors' Remuneration Report continued

| Element | Purpose and link to strategy | Operation | Maximum | Performance conditions |
|---------------------------------|---|---|--|--|
| Annual bonus | To incentivise the delivery of the annual business plan. | <p>Bonus levels are determined by the Committee after the year-end based on performance against targets set at the start of the financial year. The Committee retains discretion to adjust bonus payments, including to override the formulaic outcome of the award, in the event that performance against targets does not properly reflect the underlying performance of the Group and/or the relevant businesses, the overall shareholder experience or employee reward outcome.</p> <p>One-third of the bonus is paid in shares (or immediately vesting share awards) but with appropriate and relevant trading restrictions imposed by the Company's share Registrars, in order to enforce a two-year deferral period and with the associated share certificate retained by the Company for two years.</p> <p>Once the minimum shareholding guideline has been met, the deferral requirement will reduce to 15% of any bonus paid.</p> <p>Clawback and dividend equivalent provisions apply (see notes below).</p> | The maximum bonus opportunity in respect of a financial year is 125% of salary. | <p>Annual measures and targets will be set by the Committee at the start of the financial year.</p> <p>The majority of the bonus will be based on financial performance, with the remaining performance condition attributable to non-financial personal objectives, including operational, financial, commercial and strategic-related measures.</p> <p>The threshold payment level for the financial performance condition is up to 20% of the maximum and up to 50% of the maximum may be payable for target performance.</p> |
| LTIP | To incentivise the delivery of long-term shareholder value. | <p>Awards are made in the form of nil-cost options or conditional share awards, the vesting of which is conditional on the achievement of performance targets (as determined by the Committee).</p> <p>Vested awards must be held for a further two-year period before sale of the shares (other than to pay tax).</p> <p>The Committee retains discretion to adjust the outturn of an LTIP award, including to override the formulaic outcome of the award, in the event that performance against targets does not properly reflect the underlying performance of the Group and/or the relevant businesses, the overall shareholder experience or employee reward outcome.</p> <p>Malus and clawback provisions apply (see the notes below).</p> <p>The value of dividends payable over the vesting period may be paid in cash or shares.</p> | The maximum award in respect of a financial year is 150% of salary. | <p>Performance conditions are based on the achievement of challenging financial, total shareholder return (TSR) or non-financial strategic performance targets measured over a period of three years normally.</p> <p>For the achievement of the threshold performance target, a maximum of 25% of the award will vest.</p> <p>A majority of the award will be based on financial and/or TSR based conditions.</p> |
| All-employee share plans | To provide alignment with colleagues and to promote share ownership | The executive directors may participate in any all-employee share plan operated by the Company. | Participation may be capped by the Committee and, in any case, within HMRC limits applying to the respective plan. | None. |

| Element | Purpose and link to strategy | Operation | Maximum | Performance conditions |
|--------------------------------|--|--|---------|------------------------|
| Shareholding guidelines | To provide alignment of interest between Executive Directors and shareholders. | The shareholding guideline for Executive Directors is 200% of base salary. Until this level is reached, except for payment of tax arising on the exercise of awards and other exceptional circumstances, Executive Directors will be required to retain 50% of the shares vesting under share incentive arrangements (excluding the application of the Sharesave Scheme). In exceptional circumstances, Executive Directors may seek permission from the Committee to temporarily go below their target holding. Following termination of their employment, Executive Directors will be required to retain shares at the lower of 200% of base salary, or the actual shareholding on departure, for two years post-cessation. Shares purchased voluntarily will not count towards this requirement. | | |

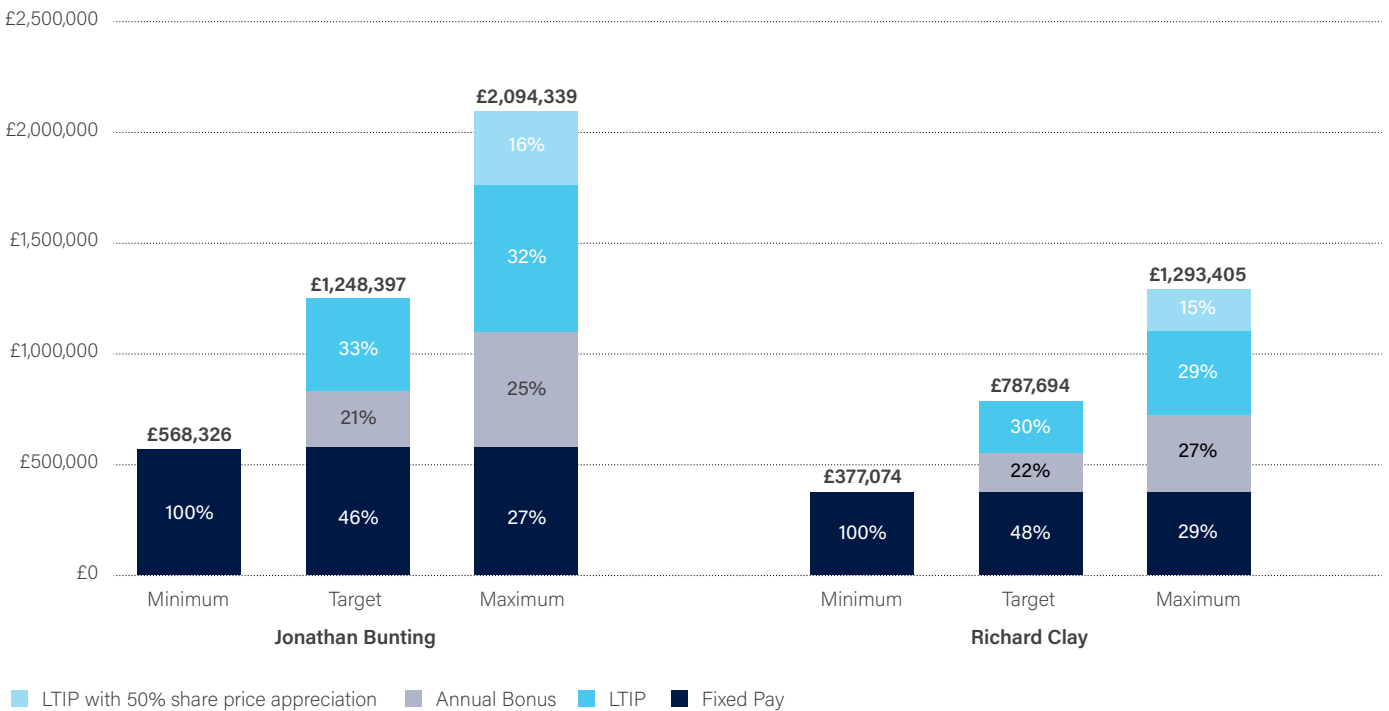
Notes to the policy table:

- a) Choice of performance measures – each year the Committee will select the most appropriate performance measures and targets for the annual bonus plan and LTIP. The measures selected will be aligned with Company strategy and key performance indicators and may also be based on total shareholder return.
- b) Participation in incentive schemes is at the discretion of the Committee.
- c) Legacy and mandated payments – the Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above: (i) where the terms of the payment were agreed before the policy came into effect; or (ii) where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in contemplation of the individual becoming a director of the Company; or (iii) where the Company is mandated to make the payment as a result of an award issued by a competent court, tribunal or authority. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
- d) Clawback and malus – the Company operates clawback and malus provisions for the annual bonus plan, DBP and LTIP. The Committee reserves the right to take such action as it reasonably considers appropriate to put the Company and participants in the same overall financial position as they would have been had certain circumstances (described below) not occurred. This includes a reduction or cancellation of vested or unvested share awards and/or a reimbursement to the Company of part or all of any cash or share payments within two years of payment. Such circumstances include, but are not limited to: (i) discovery of a material misstatement of the Company's audited results on the basis of which the payment was or would be determined; or (ii) serious reputational damage of the Company, any member of the Group or the relevant business as a result of the participant's misconduct; or (iii) gross misconduct by the participant; or (iv) corporate failure; or (v) any other similar circumstance or event which in the view of the Committee has a serious adverse effect on the Company, any member of the Group or the relevant business; or (vi) failure of risk management; or (vii) retirement where the retired Executive Director subsequently returns to employment on or before expiry of the relevant vesting or subsequent holding period.
- e) There are some differences in the Directors' Remuneration Policy compared to the policy for colleagues generally. Whilst the overall structure of the remuneration package cascades throughout the business, participation in and the opportunity for the incentive plans varies by seniority. Pension opportunity for Executive Directors and the workforce is aligned. All permanent employees are invited to participate in the all-employee share plan. Overall, the Remuneration Policy for the Executive Directors is more heavily weighted towards variable pay than for other employees, to ensure a clear link between reward and the performance and value created for shareholders.

Directors' Remuneration Report continued

Application of the Remuneration Policy

The charts below illustrate the application of the policy for FY2026. Each element (as a percentage of total remuneration) and the total values have been set out.



Notes

- Fixed pay comprises annual base salary, benefits and pension, at current rates at the date of this report.
- Benefits are the value received in FY2025.
- The on-target level of annual bonus is 50% of the maximum opportunity and the on-target level of LTIP is 62.5% of the maximum opportunity.
- The maximum value is based on an annual bonus opportunity of 100% of salary and an LTIP opportunity of 125% of salary for Jonathan Bunting and 110% of salary for Richard Clay. Also shown is the impact of an increase in share price of 50% on the value of the LTIP award.
- The value of dividend equivalents on LTIP vested awards is excluded.

Approach to recruitment remuneration

On appointment of a new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual with the necessary skills, while seeking to pay no more than it believes is necessary to facilitate the appointment. Any remuneration package would be in line with the parameters set out in the Directors' Remuneration Policy, which is salary set at a level to be able to recruit the most appropriate candidate, a maximum annual bonus opportunity of 125% of base salary and a maximum LTIP award of 150% of base salary.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting the appointment within the Company, the Committee may offer compensatory awards to facilitate recruitment. These awards would be in such form as the Committee considers appropriate taking into account all relevant factors, including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards.

If an Executive Director needs to relocate in order to take up the role, the Company may pay to cover the costs of relocation including (but not limited to), actual relocation costs, temporary accommodation and travel expenses.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share and incentive plans. If necessary, awards may be granted outside these plans as currently permitted under the Financial Conduct Authority's Listing Rules.

Contracts of service and policy on loss of office

Contracts of employment with Executive Directors may be terminated at any time by the Company or employee upon up to 12 months' notice. The contracts of employment do not include any provisions for predetermined compensation for early termination.

| Executive Director | Date of current contract | Notice from the Company | Notice from the individual | Unexpired period of service contract |
|--------------------|---|-------------------------|----------------------------|--------------------------------------|
| Jonathan Bunting | 1 March 2018, as supplemented by a letter of variation dated 15 June 2020 | 12 months | 12 months | Rolling |
| Paul Baker | 10 August 2021 | 12 months | 12 months | Rolling |

The Committee may terminate an employment contract immediately by making a payment in lieu of notice consisting of base salary only for the unexpired period of notice. In normal circumstances, such a payment would be made in monthly instalments over the period, subject to a duty to mitigate, and will be reduced by the amount in respect of income receivable from alternative employment.

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract, as well as the rules of any incentive plans and post-cessation shareholding requirements. Incentives will be treated in the following way:

| | |
|---|--|
| Annual bonus | <p>Unless the Committee determines otherwise, executives will not be eligible for a bonus if they are under notice.</p> <p>If the Committee determines that the Executive Director is a good leaver¹ they may still receive a bonus, reduced to reflect the portion of the year they were in active employment.</p> <p>Any payment would remain subject to performance and would normally be paid following the normal year-end assessment process.</p> |
| DBP (deferred annual bonus shares) | <p>Deferred bonus shares will normally continue to be subject to the holding period post cessation of employment. The deferred shares would be subject to clawback and post-cessation shareholding requirements, and any held shares would be subject to the executive share ownership requirements, including post-cessation of employment obligations.</p> |
| LTIP | <p>If the Committee determines that an Executive Director is a good leaver, LTIP awards may vest subject to performance and would normally be scaled back to reflect the portion of the performance period that has elapsed on the date that employment ceases. The awards will vest on the normal vesting date (other than in exceptional circumstances, such as death in service when the award may accelerate). The post-vesting holding period will normally continue to apply for the full two-year period.</p> <p>If an executive leaves the Group for any other reason, outstanding awards would lapse.</p> |

¹ Good leaver reasons include death, injury, disability, redundancy, retirement by agreement with the Company, the employing entity no longer being part of the Group, or any other reason as determined by the Committee.

The Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment. The details and rationale for any such payments would be disclosed in the following year's Directors' report on remuneration.

External non-executive director appointments

It is the Company's policy to allow each Executive Director to accept one non-executive directorship of a publicly quoted company provided that it does not conflict with the interests of the Company. Executive Directors may retain the fee for such an appointment.

Consideration of pay and employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for colleagues throughout the Group when determining the annual salary increases for Executive Directors. In addition, any Group performance targets used in the executive bonus plan are cascaded into broader-based annual bonus arrangements for all eligible colleagues, to ensure alignment across the bonus plans and participating populations.

As part of the Board's commitment to broader stakeholder engagement, the Committee Chair meets with our National Colleague Engagement Forum, to explain the Company-wide remuneration policy and outline how executive remuneration operates. The discussions explore the pay structure at different organisation levels, in particular focusing on the checks and balances in place, to ensure pay for performance over both short and longer-term timeframes, and the 'fair pay' agenda and fair pay principles adopted by the Company following colleague engagement.

Consideration of shareholder views

The views of shareholders are very important to the Committee and feedback received from shareholders following publication of the Annual Report and at the AGM is welcomed. The Committee undertook a thorough consultation with our largest shareholders to explain changes being proposed to our Directors' Remuneration Policy which will be brought to our AGM on 29 January 2026 for shareholder approval.

Directors' Remuneration Report continued

Non-Executive Directors

The table below sets out the Company's Remuneration Policy for Non-Executive Directors:

| Element | Purpose and link to strategy | Operation | Maximum |
|---|--|---|---------------------------------|
| Chairman's and Non-Executive Directors' fees | To attract and retain high-calibre individuals | <p>Fee levels are set to reflect the time commitment, demands and responsibility of the role, taking into account fees paid by similarly sized companies.</p> <p>Fees are reviewed from time to time to ensure that they remain in line with market practice.</p> <p>Fees are normally paid in equal monthly instalments.</p> <p>The Chairman's fee includes the chairmanship of the Nominations Committee.</p> | There is no prescribed maximum. |
| Additional fees | To provide compensation to Non-Executive Directors taking on additional responsibility | Non-Executive Directors (other than the Chairman) are paid an additional fee for their chairmanship of a Board Committee or additional responsibility, such as chairing the National Colleague Engagement Forum, and may be paid additional fees for significant additional workload or roles. | There is no prescribed maximum. |
| Benefits | To facilitate the execution of the role | The Company reimburses reasonable travel and subsistence costs and other legitimate business expenses, including any tax that may be incurred. | There is no prescribed maximum. |

The Chairman and Non-Executive Directors do not participate in any pension or incentive plans.

Recruitment policy

The remuneration package for a newly appointed Non-Executive Director would be in line with the policy outlined above.

All Non-Executive Directors, including the Chairman, have a letter of appointment for an initial three-year term, subject to review thereafter.

The table below details the letter of appointments for each Non-Executive Director.

| Non-Executive Directors | Date of current letter of appointment | Notice from the Company | Notice from the individual | Date current term is due to expire |
|-------------------------|---------------------------------------|-------------------------|----------------------------|------------------------------------|
| David Blackwood | 6 May 2020 | 3 months | 3 months | 2027 AGM |
| Michael Holt | 30 September 2018 | 3 months | 3 months | 2028 AGM |
| Deborah Rabey | 27 February 2023 | 3 months | 3 months | 2027 AGM |
| Mark Whiting | 14 August 2017 | 3 months | 3 months | 2027 AGM |
| Manju Malhotra | 16 January 2025 | 3 months | 3 months | 2028 AGM |

Annual report on remuneration

Total remuneration payable in respect of FY2025 (audited)

The total remuneration for each Executive Director for FY2025 and the prior year is set out below.

| | Jonathan Bunting | | Paul Baker | |
|---|------------------|----------------|----------------|----------------|
| | FY2025 '000 | FY2024 '000 | FY2025 '000 | FY2024 '000 |
| Fixed pay | | | | |
| Salary | 515 | 499 | 335 | 325 |
| Benefits ^(a) | 10 | 11 | 14 | 14 |
| Pension benefits | 26 | 25 | 16 | 16 |
| Total fixed pay | 551 | 535 | 365 | 355 |
| Performance-related pay | | | | |
| Annual bonus payments | 429 | 373 | 267 | 255 |
| LTIP award vesting ^(b) | 455 | 496 | 0 | 323 |
| Dividend equivalent payments ^(c) | 118 | 97 | 0 | 63 |
| Total variable pay | 1,002 | 966 | 267 | 641 |
| Total single figure | 1,553 | 1,501 | 632 | 996 |

Notes

- a) Benefits include the taxable value of a company car (Jon Bunting) or car cash allowance (Paul Baker), private medical insurance and the intrinsic value of Sharesave options granted during the year, as applicable to each director.
- b) The vested FY2023–2025 LTIP awards have been valued at 61.0p per share, being the opening market price of the Company's shares on the date of vesting (3 November 2025). Further details on the FY2023–2025 award and vesting can be found on page 120.
- c) Dividend payments equivalent to the aggregate of all dividends paid during the vesting period applicable to the LTIP vesting noted in note (b) above, paid in shares.

Remuneration and link to performance during the year (audited)

Annual bonus

In FY2025, the Executive Directors had a maximum opportunity under the annual bonus of 100% of salary. Performance measures and actual performances are set out in the table below:

| Measure | Weighting | Targets | | | Actual result (£m) |
|---------------------------------|-----------|------------------|--------------|------------------|--------------------|
| | | Threshold (0%) | Target (50%) | Max (100%) | |
| Group Adjusted Operating Profit | 70% | £35.625m | £37.5m | £39.375m | £39.078m |
| Personal objectives | 30% | See detail below | | See detail below | |

Directors' Remuneration Report continued

For the financial year under review, the Executive Directors were each given a number of personal objectives against which the personal element of the annual bonus was assessed. These are set out in the table below, together with the basis for their assessment.

| Strategic objective | Weighting of objective | Target | Achievement | Outcome (%) | Bonus paid (%) |
|-------------------------|------------------------|--|--|-------------|----------------|
| Jonathan Bunting | | | | | |
| Growth | 50% | Material progress to be delivered across three Growth verticals, including £3.4m of contribution from such activity. | <ul style="list-style-type: none"> • Revenue increased 16% to £3.9m, representing a profit contribution of £1.9m prior to investment costs. • Material progress achieved across all 3 verticals including: <ul style="list-style-type: none"> – Final Mile – Growth revenue increased by 38% compared to prior year. Contract tenders won in respect of field service engineering spare parts distribution (London, Newcastle & West Midlands) and key strategic engagements established with sales brokers, resulting in improved lead development pipeline and conversion. – Recycle – Recruitment of industry expert as MD and launch of DMR proposition – securing 1,100 new customers. – New categories – contracts secured with suppliers of hobby products and greetings cards – strengthening customer engagement with independent retailers. Successful move of media products to a single site solution and phase 1 implementation of WMS technology system. | 50% | 25% |
| Strategy | 20% | Develop and secure Board approval for the business plan to scale Smiths News Recycle. | <ul style="list-style-type: none"> • Risk and investment appetite review undertaken with Board and clear strategy developed for 3 Growth verticals. Execution underway in line with the plan. | 75% | 15% |
| Cost | 20% | Identify and eliminate £5million of cost from the business by the end of the financial year. | <ul style="list-style-type: none"> • £4.9m of permanent cost out efficiencies achieved. | 75% | 15% |
| Culture | 10% | Embed three key cultural initiatives to evolve the Company's culture in support of the growth strategy. | <ul style="list-style-type: none"> • Standardised approach to organisation design in place and utilised across senior teams. • Uplift in colleague engagement achieved, with very high participation rate maintained. • 'Leading through change' development programme rolled out across the management population. • OE support provided, specifically with the roll out of the apprenticeship programme and broader awareness training. | 75% | 7.5% |

| Strategic objective | Weighting of objective | Target | Achievement | Outcome (%) | Bonus paid (%) |
|---|------------------------|--|--|-------------|----------------|
| Total (out of a maximum 30% bonus opportunity) | 100% | | 62.5% | | |
| Paul Baker | | | | | |
| Efficiency | 25% | <ul style="list-style-type: none"> Oversee the outsourced Service Support Centre's (SSC) contract review and prepare an informed commercial negotiation stance on contract renewal and continued efficiency improvements. Challenge and drive Future Technology investment plan returns to business case and ensure that future EPM Finance implications are built into plans. | <ul style="list-style-type: none"> SSC review and internal audit exercise complete for Finance and Customer Experience. Tech review part of IA Plan for FY2026 as agreed with Audit Committee. Finance headcount reduction complete and KPIs all on track. Future Tech costs/benefit tracked. Cognos replacement completed and rolled out. | 50% | 12.5% |
| Capital Allocation | 25% | <ul style="list-style-type: none"> Provide analysis of the impact of the Growth verticals' review action plans and timing, to inform the cash flow and options for the Board to consider distribution returns to shareholders versus internal investment returns. Work with advisors to inform Board discussion around options and shareholder sentiment to investment decision and returns. | <ul style="list-style-type: none"> Capital Allocation Policy updated in 2024 and continues to be adopted, with Special Dividend declared in November 2024 (paid in February 2025), demonstrating CAP in practice. | 30% | 7.5% |
| Growth | 25% | <ul style="list-style-type: none"> Support implementation of Recycle growth segment in line with Board-approved business case. Propose a standard costing method and implementation plan for FY2026 budgets to enable clear growth. | <ul style="list-style-type: none"> Recycling investment approved and implemented. Costs tracked and investment/benefits clear. Profitability analysis by proposition complete and reviewed monthly in Growth forum. Further progress on changes to costing process not completed. Awaiting clarity of RACI. | 40% | 10% |
| Sustainability | 25% | <ul style="list-style-type: none"> Develop and deliver a Board approved net zero carbon emissions Transition Plan to meet the Company's stated 55% medium term emissions reduction. Support the process of reporting external data to ensure consistency and repeatability. Chair the Sustainability Committee ensuring relevant changes to legislation and reporting and visible and the business strategy is informed with the ESG impacts. | <ul style="list-style-type: none"> Strong delivery across all pillars on key actions and metrics – transition plan deferred as reported in Sustainability Committee Report on page 42. Data matrix completed to ensure Sustainability Committee has reliable and auditable process around public data. Strong engagement across Sustainability Committee. | 80% | 20% |
| Total (out of a maximum 30% bonus opportunity) | 100% | | 50.0% | | |

Further detail on our key personal objectives and performance against those objectives is provided in the Strategic Report on pages 02 to 73.

Directors' Remuneration Report continued

As a result of the financial performance and each Director's respective personal performances as noted above, the overall bonus outcomes are as follows:

| | Financial performance (70%) | Personal performance (30%) | Total bonus outcome for FY2025 (% of base salary) | Total bonus payment ¹ |
|------------------|--------------------------------|----------------------------------|--|-------------------------------------|
| Jonathan Bunting | 92.08% | 62.5% | 83.21% | £428,783 |
| Paul Baker | 92.08% | 50.0% | 79.46% | £266,745 |

1. 50% of the bonus payment is deferred into shares for two years.

The Committee is satisfied that the bonus payments to Jonathan Bunting and Paul Baker represent a strong link between reward and performance, being aligned with the overall shareholder experience and consistent with the bonus payments made to employees generally.

Long-term incentive plan

Jonathan Bunting and Paul Baker were each granted nil-cost LTIP awards on 30 January 2023 which were subject to performance over a three-year performance period FY2023-2025. The two performance measures were final year (FY2025) adjusted free cash flow and TSR relative to the FTSE Small Cap (excluding investment trusts). The targets set and the final level of vesting for both measures are set out in the table below.

| FY2023-2025 award | Weighting | Threshold (20% vesting) | Maximum (100% vesting) | Actual performance | Vesting |
|--|-----------|----------------------------|---------------------------|----------------------|----------------|
| Adjusted Free Cash Flow in final year (FY2025) | 30% | £36.6m | £41.2m | £37.0m | 27.0% (of 30%) |
| Total Shareholder Return vs FTSE Small Cap | 70% | Median | Upper quartile | Above upper quartile | 70.0% (of 70%) |
| Final total vesting (% of max) | | | | | 78.1% |

The Committee has considered the appropriateness of the rate of vesting at 78.1% and confirms that it is comfortable that the payout level is appropriate in light of the overall long-term performance and shareholder experience over the three-year performance period, and that no discretion would be necessary to adjust the outturn. However, in light of Paul Baker's resignation in March 2025, the FY2023-2025 LTIP award will lapse (for the avoidance of doubt, the future in-flight LTIP scheme awards will also lapse).

Accordingly, the table below shows the number of shares vesting and the value of these shares for the FY2023-2025 award:

| | Number of shares at grant | Value at grant (50.66p) | Total vesting outcome | Number of shares vesting | Value on vesting ^(a) | Value attributable to share price growth on vesting | Dividend payment ^(b) |
|------------------|---------------------------------|-------------------------------|--------------------------|--------------------------------|------------------------------------|---|------------------------------------|
| Jonathan Bunting | 954,196 | £483,395 | 78.1% | 745,227 | £454,589 | £77,057 | £117,746 |
| Paul Baker | 621,620 | £314,912 | 0% | 0 | £0 | £0 | £0 |

a) The FY2023-2025 LTIP awards have been valued at 61.0p per share, being the opening market price of the Company's shares on the date of vesting (3 November 2025).

b) Dividend payments equivalent to the aggregate of all dividends paid during the vesting period, paid in shares.

Share plans – awards made during the year

LTIP awards granted in FY2025 (audited)

On 25 November 2024, Executive Directors were granted the following FY2025-2027 LTIP awards:

| Executive Director | Share price at date of grant ¹ | Number of nil-cost options subject to maximum award | Face value of award | Percentage of awards released for achieving threshold targets ² | Performance period |
|--------------------|--|--|------------------------|---|-----------------------|
| Jonathan Bunting | 60.63p | 849,954 | £515,327 | 20% | FY2025-2027 |
| Paul Baker | | 553,710 | £335,714 | | |

1. Share price is the mid-market average price in the three days immediately prior to the date of grant.

2. 100% for achieving maximum targets.

The performance conditions applied to the awards were as follows:

| Performance period | Relative TSR compared to the companies comprising the FTSE Small Cap Index (excluding investment trusts) over the three-year performance period (60% of the award) | Final Year Profit from Growth and Diversified Activities in FY2027 (30% of the award) | An absolute reduction in Final Year/FY2027 Scopes 1, 2 and (within categories 1, 4 and 6 of) Scope 3 emissions (10% of the award) | Proportion exercisable |
|-----------------------------------|--|---|---|------------------------|
| Three years ending 28 August 2027 | Below median rank | Below £4.81m | More than 227,103 tCO ₂ e | Zero |
| | Median | £4.81m | 227,103 tCO ₂ e | 20% |
| | Between median and upper quartile | Between £4.81m and £7.50m | Between 227,103 tCO ₂ e and 195,266 tCO ₂ e | 20%-100% |
| | Upper quartile or higher | £7.50m | 195,266 tCO ₂ e | 100% |

Deferred Bonus Plan awards granted in FY2025 (audited)

On 25 November 2024, the following awards were granted to the Chief Executive Officer and Chief Financial Officer under the DBP, equating to 50% of their FY2024 bonus payment, as follows:

| Executive Director | Share price at date of grant ¹ | Number of nil cost options subject to award | Face value of award |
|--------------------|---|---|---------------------|
| Jonathan Bunting | 60.63p | 307,568 | £186,478 |
| Paul Baker | 60.63p | 210,423 | £127,579 |

1. Share price is the mid-market average price in the three days immediately prior to the date of grant.

Awards are immediately exercisable subject to the shares being held (after payment of taxes) for a period of two years from the date of grant in line with the Company's shareholding guidelines policy and subject to clawback within this period. As part of this deferral period, appropriate and relevant trading restrictions have been imposed with the Company's Registrars, in order to enforce the two-year deferral period and the associated share certificate retained by the Company.

Performance graph and table

The graph below shows the Company's Total Shareholder Return (TSR) performance against the TSR of the FTSE Small Cap Index (excl. Investment Trusts) over the past ten years. The FTSE Small Cap Index was chosen because it represents a broad equity market index of which the Company has primarily been a constituent and is the benchmark for the relative Total Shareholder Return performance condition used for the LTIP awards. The table below the graph sets out the total remuneration for the Chief Executive Officer during each of the last ten financial years.



| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Chief Executive Officer Total remuneration (£'000) | 882 | 794 | 539 | 537 | 596 | 917 | 1,209 | 1,616 | 1,501 | 1,553 |
| Chief Executive Officer Annual bonus payment (% of maximum) | 38.9% | 15.0% | 0.0% | 0.0% | 20.0% | 82.2% | 68.7% | 62.18% | 74.73% | 83.21% |
| Chief Executive Officer EPP ¹ payout (% of maximum) | 72.0% | 72.0% | 0.0% | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Chief Executive Officer LTIP vesting (% of maximum) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 27.6% | 72% | 91.38% | 70.0% | 78.1% |

1. The EPP is a legacy incentive plan based on economic profit. In FY2018, the Committee exercised its discretion in deciding that the final tranche payment would not be considered in FY2019 or FY2020 as permitted by the scheme rules.

Directors' Remuneration Report continued

Percentage change in directors' remuneration

The table below shows the percentage change in the directors' salary, taxable benefits and annual bonus over the relevant reporting periods noted in the table compared to the average of all UK-based employees. Where a director was appointed or stepped down from the Board in FY2025, they have not been included in the table as it is not possible to provide a meaningful year on year comparison. This group has been chosen as the majority of our workforce is UK-based.

| | | Chairman | CEO | CFO | M Holt | D Rabey | M Whiteling | UK employees |
|-----------------|------------------|----------|--------|------|--------|---------|-------------|--------------|
| % change FY2021 | Base salary/fees | 0.0 | 2.0 | N/A | 0.0 | N/A | 0.0 | (3.1) |
| | Benefits | 0.0 | (38.1) | N/A | 0.0 | N/A | 0.0 | 0.0 |
| | Annual bonus | - | 346.7 | N/A | - | N/A | - | 282.1 |
| % change FY2022 | Base salary/fees | 0.0 | 2.0 | N/A | 16.7 | N/A | 13.6 | 7.7 |
| | Benefits | 0.0 | 7.7 | N/A | 0.0 | N/A | 0.0 | 0.0 |
| | Annual bonus | - | (14.6) | N/A | - | N/A | - | (3.1) |
| % change FY2023 | Base salary/fees | 3.25 | 3.25 | 3.25 | 3.25 | N/A | 3.25 | 7.7 |
| | Benefits | - | 5.1 | 45.5 | - | - | - | 0.0 |
| | Annual bonus | - | (6.5) | 7.1 | - | - | - | 3.8 |
| % change FY2024 | Base salary/fees | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 8.5 |
| | Benefits | - | 11.2 | 14.0 | - | - | - | 0.0 |
| | Annual bonus | - | 23.9 | 30.0 | - | - | - | 30.1 |
| % change FY2025 | Base salary/fees | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 5.8 |
| | Benefits | - | 0.0 | 0.0 | - | - | - | 0.0 |
| | Annual bonus | - | 13.0 | 4.5 | - | - | - | 21.2 |

1. The value of the Chairman's fee in FY2020 represents the combined remuneration for Gary Kennedy (to 13 May 2020) and David Blackwood (from 13 May 2020) and from FY2021 exclusively represents the remuneration of David Blackwood.

2. The CEO's values in FY2020 represent the combined remuneration for Jos Opdeweegh (to 5 November 2019) and Jonathan Bunting (from 5 November 2019), and from FY2021 exclusively represents the remuneration of Jonathan Bunting.

3. For part of FY2020, the annual fee for Michael Holt was temporarily increased by £205,000 per annum for the duration of his tenure as Executive Chairman of Tuffnells Parcels Express from 5 November 2019 until its sale on 2 May 2020.

Chief Executive Officer pay ratio to the workforce

The table below shows the ratio of the Chief Executive Officer's single figure total remuneration to the median (50th percentile), 25th and 75th percentile paid employee, based on the total remuneration of the Group's full-time equivalent UK colleagues.

The employee total remuneration includes wages and salary, taxable benefits, annual bonus, share-based remuneration and other incentive plans and pension benefits. In line with the pay ratio regulations, we have shown the pay ratio going back to FY2018.

| Year | Methodology | Population | 25th percentile | Median | 75th percentile |
|--------|-------------|-----------------------------|-----------------|---------|-----------------|
| FY2025 | | Employee salary | £23,492 | £25,839 | £29,244 |
| | | Employee total remuneration | £24,431 | £25,839 | £30,621 |
| | | CEO to employee pay ratio | 63.5:1 | 60:1 | 50.7:1 |
| FY2024 | | CEO to employee pay ratio | 68.2:1 | 60.1:1 | 54.8:1 |
| FY2023 | Option B | CEO to employee pay ratio | 78.4:1 | 72.4:1 | 62.6:1 |
| FY2022 | | CEO to employee pay ratio | 63.3:1 | 57.8:1 | 43.9:1 |
| FY2021 | | CEO to employee pay ratio | 51.6:1 | 40.8:1 | 38.5:1 |
| FY2020 | | CEO to employee pay ratio | 34.7:1 | 29.1:1 | 23.9:1 |
| FY2019 | | CEO to employee pay ratio | 31.8:1 | 22.7:1 | 18.8:1 |
| FY2018 | | CEO to employee pay ratio | 32.4:1 | 26.3:1 | 17.8:1 |

The Company has calculated the pay ratios using the Option B methodology set out in the pay gap regulations. This approach is considered the most reasonable and practical given the nature of the data collation exercise and the information already held for gender pay gap reporting purposes. The data for the three representative employees at each quartile is drawn from the April 2025 gender pay gap dataset and has been adjusted to a full-time equivalent basis, using the full-time hours for each role, to enable direct comparison.

The composition of the colleague population between FY2018 and FY2025 has remained broadly consistent, with over 50% of colleagues in operational roles within warehouse and field operations. As previously reported, these roles generally attract pay levels at or just above the National Living Wage once shift allowances are included. Given this large proportion of operational roles, salaries at both the 25th percentile and the median continue to align closely, reflecting the benchmark pay levels within this group. The next largest population comprises administrative and field sales support staff, team leaders and supervisor roles, while colleagues at the 75th percentile are typically in professional functional or management roles (grades E-F) with a wider range of salaries, benefits, and eligibility for performance-related incentives.

The pay ratios are therefore considered to provide a fair representation of pay within the Company and illustrate the consistent application of pay practices across different levels. They reflect (i) the organisational structure and diversity of roles across grades, (ii) the significant weighting of warehouse and field operations at the lower and median quartiles, and (iii) the emphasis on fixed pay and overtime rather than performance-related initiatives for the majority of colleagues. By contrast, the CEO's total remuneration package has a higher weighting towards performance-related elements, including share-based awards, than that of employees represented at the three comparable percentiles.

The CEO pay ratios for FY2025 marginally decreased at the 25th and 75th percentiles but remained flat at the 50th percentile in comparison with the prior year (FY2024). The consistently higher CEO pay ratios at each of these percentiles over recent years is a direct reflection of the composition of the CEO's total remuneration, which is more heavily weighted towards variable pay rather than fixed elements and, therefore, is particularly impacted by strong financial performance and the resultant payment of annual bonuses and/or successful LTIP vestings over the last few years. In contrast, the remuneration of colleagues at the comparative percentiles primarily reflects adjustments to fixed pay, which amplifies the gap in years where variable pay outcomes fluctuate. Additionally, the significant increases to the National Living Wage in recent years have resulted in some pay compression within first-line management grades. A targeted approach was therefore taken in FY2025 to address these compression issues through pay adjustments, which has contributed to the stability of the 50th percentile ratio this year.

As noted above, whilst the pay gap in FY2025 indicates a marginal lowering this year relative to FY2024's CEO pay ratios, it maintains a broadly consistent theme since FY2021, noting that for each of FY2020, FY2019 and FY2018, the ratios did not include any LTIP payments and, for each of FY2018 and FY2019, the ratios did not include any annual bonus payments either, each of which softened the CEO remuneration for those comparable years.

Relative importance of spend on pay

The table below illustrates the Company's expenditure on pay in comparison to adjusted EBITDA, corporation tax paid and distributions to shareholders by way of dividend payments.

| | FY2025 £m | FY2024 £m | % change |
|---------------------------|--------------|--------------|----------|
| Total employees pay | 47.9 | 45.0 | 6.0% |
| Adjusted Operating Profit | 39.1 | 39.1 | 0.0% |
| Corporation tax paid | 8.8 | 8.5 | 3.4% |
| Dividends paid | 17.4 | 10.8 | 37.9% |

The figures above are principally set out on pages 138, 152 and 153 in the Notes to the Group Financial Statements. Total employee pay is the total pay for all colleagues across the Company. Adjusted operating profit has been used as a comparison as this is the key financial metric which the Board considers when assessing the Company's financial performance. Corporation tax paid and dividends paid have also been used as a comparison as these together indicate the sustainable after tax and dividends paid position of the Company for reinvestment.

Payments to former directors and payments for loss of office

There were no payments to former directors or payments for loss of office during the year.

Employee Benefit Trust

The Company's Employee Benefit Trust is used to facilitate the acquisition of ordinary shares in the Company to satisfy awards granted under the Company's executive share schemes and Sharesave Scheme. The Trust is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Company. The Trust waives its right to vote and to dividends on the shares that it holds.

The Trustee is Computershare Trustees (Jersey) Limited, an independent professional trustee company based in Jersey.

The number of shares held in the Employee Benefit Trust at 30 August 2025 was 5,665,315 ordinary shares.

The Board has resolved that all employee share scheme exercises in FY2025 and, until otherwise agreed, all future employee share scheme exercises in FY2026 should be satisfied through the Employee Benefit Trust, using market purchased shares and intends to instigate a plan for share purchases to cover likely future commitments.

Dilution of share capital by employee share plans

Awards granted under the Company's Sharesave Scheme have, in the past, been satisfied by the issue of new shares when the options are exercised. The Company monitors the number of shares issued under the Sharesave Scheme and, as at 30 August 2025, had issued 2,906,449 new shares within the past ten-year period, representing 1.17% of the issued share capital. This is well within our dilution limit of 10% in any rolling ten-year period in the Sharesave Scheme rules and in line with the guidelines set by the Investment Association.

Executive Directors' incentive plan share interests (audited)

The table below sets out details of outstanding share awards held by Executive Directors as at 30 August 2025 under the LTIP and DBP (covering deferred annual bonus awards), together with exercises made during the year under both the LTIP and DBP. Awards under these schemes are structured as nil cost options. In addition, the table sets out awards held by executive directors pursuant to the Sharesave Scheme.

| | Unvested subject to performance measures ¹ | Unvested without performance measures ² | Vested but unexercised | Vesting during the year ³ |
|------------------|---|--|---------------------------|---|
| Jonathan Bunting | 2,643,723 | 40,613 | 0 | 1,347,676 |
| Paul Baker | 0 | 0 | 0 | 888,010 |

1. These unvested awards relate to the FY2023-FY2025 LTIP which have vested at 78.1% of maximum on 3 November 2025, and the FY2024-FY2026 and FY2025-FY2027 LTIPs. The FY2023-FY2025 award is subject 70% to TSR and 30% to free cash flow performance conditions. The FY2024-FY2026 and FY2025-FY2027 awards are subject 60% to TSR, 30% to profit from growth and diversified activities and 10% to ESG conditions. In light of Paul Baker's resignation in March 2025, these LTIP awards will lapse.

2. These awards relate to awards made under the Company's SAYE plan in FY2023 (40,613).

3. These awards relate to the immediately vesting annual bonus deferred shares (which were granted to Executive Directors under the DBP on 25 November 2024, equating to 50% of their respective FY2024 bonus) and the FY2022-2024 LTIP vesting (plus associated dividend equivalent payment in shares). The awards relating to the annual bonus deferred shares and LTIP vesting must each be held for at least two years.

Directors' Remuneration Report continued

Executive Directors' shareholdings and shareholding guidelines

The shareholding guideline for Executive Directors is 200% of salary. Until this level is reached, under the current policy, except for payment of tax arising on the exercise/vesting of awards and in other exceptional circumstances, executives are required to retain 75% of the shares vesting under share incentive arrangements (excluding the application of the Sharesave Scheme). The table below sets out the beneficial interests of the Executive Directors who served during the year, and of their connected persons, in the ordinary shares of the Company, together with the level held against the shareholding guidelines.

| Name | Salary | Holding on 31 August 2024 | Holding on 30 August 2025 | Valuation of current holding ¹ | % of salary held compared to 200% of salary target shareholding | Shareholding requirement met? |
|------------------|----------|---------------------------|---------------------------|---|---|-------------------------------|
| Jonathan Bunting | £515,327 | 2,529,022 | 2,057,641 | £1,193,431 | 231% | Yes |
| Paul Baker | £335,714 | 285,200 | 754,377 | £437,538 | 130% | No |

1. Using the closing share price of 58.0p as of 30 August 2025.

Between 30 August 2025 and 3 November 2025 (the publication date of this report), there has been no other change in the Executive Directors' shareholdings shown above.

Non-Executive Directors

Non-Executive Directors' fees

The following fees were paid to Non-Executive Directors for FY2025 and FY2024 (audited):

| | Year | Base fee £000 | Additional fees £000 | Benefits ¹ £000 | Total fees £000 |
|------------------------------|---------------|------------------|-------------------------|-------------------------------|--------------------|
| David Blackwood ² | FY2025 | 154 | - | 0.8 | 154.8 |
| | FY2024 | 149.2 | - | 1.0 | 150.2 |
| Denise Collis ³ | FY2025 | 19.7 | 4.5 | 1.0 | 25.2 |
| | FY2024 | 50.6 | 10.6 | 0.6 | 61.8 |
| Michael Holt ⁴ | FY2025 | 52.2 | 12.4 | 0.5 | 65.1 |
| | FY2024 | 50.6 | 5.3 | 0.2 | 56.1 |
| Mark Whiting ⁵ | FY2025 | 52.2 | 16.5 | 0.4 | 69.1 |
| | FY2024 | 50.6 | 16.0 | 0.8 | 67.4 |
| Deborah Rabey | FY2025 | 52.2 | 0 | 0 | 52.2 |
| | FY2024 | 50.6 | 0.0 | 0.5 | 51.1 |
| Manju Malhotra ⁶ | FY2025 | 32.7 | 0 | 0 | 32.7 |
| | FY2024 | - | - | - | - |

1. The benefits disclosed relate to the reimbursement of travel and accommodation expenses incurred in attending Board meetings at the Company's premises around the UK. The grossed-up value has been disclosed and the tax arising is settled by the Company.

2. The Company chairman is paid a single fee which includes chairmanship of the Nominations Committee.

3. Denise Collis retired from the Board on 16 January 2025. She received an additional £11,007 per year, pro-rated for the period as chair of the Remuneration Committee.

4. Michael Holt is responsible for Board colleague engagement and is chair of the National Colleague Engagement Forum and took over the role of chair of the Remuneration Committee following Denise Collis' retirement. He received an additional £5,504 per year and £11,007 per year, pro-rated for the period as chair of the Remuneration Committee, respectively, for these roles.

5. Mark Whiting is Senior Independent Director and received a fee of £5,504 per year for this role plus a fee of £11,007 per year as chair of the Audit Committee.

6. Manju Malhotra joined the Board on 16 January 2025.

Non-Executive Directors' shareholdings (audited)

The beneficial interests of the Non-Executive Directors who served during the year are set out below:

| | 30 August 2025 ¹ | 31 August 2024 |
|-----------------|-----------------------------|----------------|
| David Blackwood | 307,218 | 307,218 |
| Denise Collis | 48,846 | 48,846 |
| Michael Holt | 0 | 0 |
| Mark Whiting | 80,000 | 80,000 |
| Deborah Rabey | 20,663 | 0 |
| Manju Malhotra | 0 | - |

1. Shareholding shown as at the date of retirement from the Board for Denise Collis.

There has been no change in the Non-Executive Directors' shareholdings shown above between 30 August 2025 and 3 November 2025 (the publication date of this report).

Implementation of the Remuneration Policy in FY2026

Executive Directors

Base salary

The base salaries for the Chief Executive Officer and current Chief Financial Officer increased by 3% to £530,787 and £345,785 respectively, with effect from 1 September 2025 which is in line with the average percentage increase awarded to our workforce. Our new Chief Financial Officer will receive a salary of £345,785 on appointment.

Pension

The Company's pension contribution for Executive Directors is 5% of salary, which is aligned to the rate available to the majority of the workforce.

Bonus

The annual bonus opportunity will remain at 100% of salary. The current Chief Financial Officer will not be entitled to a bonus due to his resignation. 70% will be based on Adjusted Operating Profit as this continues to be a key measure of profitability against which business performance will be assessed over the year and will be in line with our internal financial reporting. A target range for Adjusted Operating Profit has been established in alignment with a demanding budget, and is considered challenging when compared to analysts' consensus expectations for our FY2026 performance. Additionally, 30% of the target will be linked to personal objectives, measured against the achievement of stretching targets set against our operational and strategic KPIs. 20% of maximum will be payable for achievement of threshold performance under the new policy.

Subject to approval of the new policy, one-third of the bonus paid will be deferred in shares subject to a holding period of two years. However, if an Executive Director has met their shareholding guideline, deferral reduces to 15% of the bonus paid for two years.

The Committee will apply discretion as to whether any payment should be made on the personal element of the bonus in the event that the financial targets are not met. There will also be a requirement for a minimum personal performance rating to be achieved before the financial performance element may be paid.

The performance targets are considered commercially sensitive, so will not be disclosed in advance. However, there will be full disclosure of the targets that were set, the performance against them and the bonus payable, in next year's Annual Report.

LTIP

LTIP awards to the Chief Executive Officer and new Chief Financial Officer will be granted covering the performance period FY2026-2028.

The LTIP grant level for the FY2026-2028 award will be 125% of base salary for the Chief Executive Officer and 110% of base salary for the new Chief Financial Officer subject to approval of the new policy at the 2026 AGM, as explained earlier in this report. The performance conditions have been reviewed as part of the policy review and as a result performance will be assessed at 70% on a relative Total Shareholder Return measure over a three-year performance period and 30% on final-year profit from Growth and Diversified Activities.

The performance targets are set out below:

| Measure | Weighting | Threshold (25% vests) | Maximum (100% vests) |
|---|-----------|--------------------------|-------------------------|
| Relative TSR versus the companies comprising the FTSE Small Cap index (excluding investment trusts) as at the date of grant | 70% | Median | Upper quartile |
| Profit from Growth and Diversified Activities in the final year (FY2028) of the three-year performance period | 30% | £4.29m | £6.90m |

The TSR measure provides a strong and direct incentive to continue to focus on share price growth and shareholder value. The profit generated from Growth and diversified activities measure represents the growing importance of the strategic imperative for the Company to successfully diversify and explore new revenue opportunities within its core markets and other adjacent categories and aligns with the Board's ambitions to measure the success of management's endeavours in this important area. The target range from 87.5% of target (at threshold) through to 140.0% of target (at maximum) reflects the Company's stretching growth and diversification ambitions. The significant stretch above target has been set based on an expected mix of both organic growth and growth by acquisition, in line with the business strategy.

Non-Executive Directors

Non-Executive Directors' fees in FY2026

The Company Chairman's fee rate increased by 3% from £154,098.43 to £158,721.43 with effect from 1 September 2025, and the non-executive directors' fees similarly increased by 3% with effect from 1 September 2025, such that the following rates now apply:

- the base fee rate increases from £52,283.39 per annum to £53,851.90;
- the additional fee for chairing the Board's Committees increases from £11,007.02 per annum to £11,337.21 per annum; and
- the additional fees for the role of Senior Independent Director and/or chairing the National Colleague Engagement Forum increase from £5,503.51 per annum to £5,668.67 per annum.

Directors' Remuneration Report continued

Consideration by the Directors of matters relating to Directors' Remuneration Committee

David Blackwood is non-executive chairman of the Board and was deemed independent on appointment. All other members of the Committee are independent non-executive directors.

Denise Collis retired from the Board and stepped down as chair of the Remuneration Committee on 16 January 2025. Michael Holt was appointed to the role of chair of the Remuneration Committee on the same date. Manju Malhotra joined the Board on 16 January 2025 and was a member of the Remuneration Committee from this date.

In addition to the formal number of Committee meetings set out below, members regularly engaged throughout the year in considering various other matters that arose under the remit of the Committee.

| | Meetings attended | Possible meetings |
|-----------------|-------------------|-------------------|
| Denise Collis | 3 | 3 |
| Michael Holt | 5 | 5 |
| David Blackwood | 5 | 5 |
| Mark Whiting | 5 | 5 |
| Deborah Rabey | 5 | 5 |
| Manju Malhotra | 2 | 2 |

The Committee's terms of reference, which are available on the Company's website www.smithsnews.co.uk and from the Company Secretary on request, set out the responsibilities of the Committee.

During the year, the Committee was supported in its work by its appointed external advisers, Korn Ferry, who were paid fees of £56,521 (plus VAT). Korn Ferry has no connection with the Company or the directors. Based on its experience of working with the advisers, the Committee is satisfied that the advice received from Korn Ferry has been, and continues to be, objective and independent. Korn Ferry provides no other services to the Company that could potentially lead to a conflict of interest with the independent advice to the Committee.

Korn Ferry is a founder member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at www.remunerationconsultantsgroup.com.

The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and General Counsel, the People Director and the Head of Reward also attended Committee meetings in the year but were not present when their own performance or remuneration was discussed.

Shareholder vote

The table below sets out the voting results for the Directors' Remuneration Policy at the 2023 AGM and the Directors' Remuneration report at the 2025 AGM:

| Resolution | Votes for | Percentage of votes cast in favour | Votes against | Percentage of votes cast against | Total votes cast | Votes withheld |
|--|-------------|------------------------------------|---------------|----------------------------------|------------------|----------------|
| To approve the Remuneration Policy (2023 AGM) | 130,074,330 | 91.34% | 12,336,356 | 8.66% | 142,410,686 | 86,953 |
| To approve the Directors' Remuneration report for the year ended 31 August 2024 (2025 AGM) | 132,074,855 | 97.72% | 3,082,124 | 2.28% | 135,157,009 | 316,132 |

Approval

This report was approved by the Board and signed on its behalf by:

Michael Holt

Remuneration Committee Chair

3 November 2025

Directors' Report – Other statutory disclosures

Directors' Report

This Annual Report and the Group Financial Statements include the Directors' Report and the audited financial statements of Smiths News plc (the 'Company') and its subsidiaries (the 'Group') for the 52-week period ended 30 August 2025.

This Directors' Report has been drawn up and presented in accordance with and in reliance upon applicable English company law, and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

Subsidiaries and branches

The Company's operating subsidiaries, branches and associated undertakings are listed in Note 27 to the Group Financial Statements.

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, and have concluded that, other than those events disclosed in Note 13 and Note 20, there are no other events in the current period.

Profit attributable to shareholders and dividends

The statutory profit for the financial year, after taxation, was £28.3m (FY2024: £25.5m).

In light of the Company's performance, the Board has decided to recommend both a final ordinary dividend of 3.80p and a special dividend of 3.00p, each of which is expected to be paid on 5 February 2026 to all shareholders who are on the register of members at close of business on 9 January 2026. Accordingly, the total combined dividend for the 52 week period ended 30 August 2025 is 8.55p per ordinary share (FY2024: 7.15p).

Share capital

The Company's issued share capital comprises a single class of ordinary shares of 5p each. All issued shares are fully paid, can be held in certificated or uncertificated form and are listed on the London Stock Exchange. Details of movements in the issued share capital during the year can be found in Note 22 to the Group Financial Statements.

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association (Articles), a copy of which can be obtained from Companies House or from the Company's website www.smithsnews.co.uk. The Company's Articles may only be amended by a special resolution of the Company. Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company; to appoint one or more proxies and, if they are corporations, to appoint corporate representatives; and to exercise voting rights. Holders of ordinary shares may also receive a dividend and on a liquidation may share in the assets of the Company. In addition, holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts. Subject to meeting certain thresholds, holders of ordinary shares may require a general meeting of the Company to be held or propose resolutions to be considered at Annual General Meetings.

Voting rights and restrictions on transfer of shares

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy and entitled to vote has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. None of the ordinary shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's Registrars not later than 48 hours before a general meeting. However, when calculating the 48-hour period, no account is taken of any part of a day that is not a working day.

The Directors may refuse to register a transfer of a certificated share: which is not fully paid, provided that the refusal does not prevent dealings in the shares in the Company from taking place on an open and proper basis; or on which the Company has a lien. The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer: (i) is lodged at the office, or such other place as the Directors may decide accompanied by the certificate for the share to which it relates and such other evidence (if any) as the directors may reasonably require to show the right of the transferor to make the transfer; (ii) is in respect of only one class of shares; and (iii) is in favour of not more than four transferees.

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

There are no other restrictions on the transfer of ordinary shares in the Company other than those imposed by prevailing laws and regulations (such as insider trading laws and market requirements in respect of close periods).

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of ordinary shares or on voting rights.

Shares held by the Employee Benefit Trust

The Trustee of the Smiths News Employee Benefit Trust holds ordinary shares of the Company on behalf of the beneficiaries of the Trust, who are the employees and former employees of the Company. If any offer is made to the holders of ordinary shares to acquire their shares, the Trustee will not be obliged to accept or reject the offer in respect of any shares which are, at that time, subject to subsisting options, but will have regard to the interests of the option holders and can obtain their views on the offer, and subject to the foregoing, the Trustee will take the action with respect to the offer it thinks fair. The Trustee waives its right to vote and to dividends on the shares that it holds. Further details on the Trust can be found in the Directors' Remuneration Report on page 106.

Purchase of own shares

At the Annual General Meeting held on 16 January 2025, authority was given for the Company to purchase, in the market, up to 24,765,920 ordinary shares of 5p each. The Company did not use this authority to make any purchases of its own shares during FY2025. This authority is renewable annually and approval will be sought from shareholders at the Annual General Meeting in January 2026 to renew the authority for a further year.

Directors' Report – Other statutory disclosures continued

Issue of new ordinary shares

The Board has resolved that all employee share scheme exercises during FY2025 and, unless otherwise agreed, all future employee share scheme exercises in FY2026 should be satisfied through the Employee Benefit Trust (further details on the Employee Benefit Trust and market purchases are set out in Directors' Remuneration Report on page 106). Accordingly, during the 52-week period ended 30 August 2025, no ordinary shares in the Company were issued.

Any newly issued ordinary shares rank *pari passu* with those previously in issue. The Articles provide that the Board may, subject to the prior approval of the Company's shareholders, exercise all the powers of the Company to allot relevant securities including new ordinary shares.

Interests in voting rights

As at 30 August 2025, the Company is aware of the following shareholding interests in its issued share capital as may have been notified to it from time to time pursuant to the Financial Conduct Authority's Disclosure and Transparency Rule 5:

| Holder | % of voting rights |
|---|--------------------|
| Aberforth Partners LLP | 17.23 |
| FORUM Family Office Value Fund/Small Cap Fund | 12.61 |
| M&G Investments | 7.54 |
| Hargreaves Lansdown (Stockbroker) | 7.12 |
| Interactive Investor | 5.3 |
| Worsley Investors Limited | 4.13 |
| AJ Bell | 3.15 |

In the period 31 August 2025 to 3 November 2025, no notification of updated voting rights positions has been received by the Company.

Except for the above, the Company is not aware of any other shareholders with interests in 3% or more of the voting rights attached to the issued share capital of the Company.

Change of control

Each of the Company's trading subsidiaries has agreements with customers and suppliers that may contain change of control clauses giving rights to those customers and suppliers on a takeover of the Company.

A change of control of the Company following a takeover bid may cause a number of other agreements to which the Company and/or one or more of its subsidiaries is party, such as banking arrangements, property leases and licence agreements, to alter or be capable of termination at the election of the counterparty.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes may cause options and awards granted to employees under such schemes to vest on a takeover – the relevant scheme rules stating that as a result of a change of control event (or other corporate action) the proportion of the award which may vest shall be limited (unless the Board determines otherwise) to a pro rata proportion on the basis of the number of whole months which have elapsed from the first day of the performance period to the date of the corporate action, as compared to the number of whole months within the performance period; any remainder of the award thereby lapsing.

Directors

All directors who served during the year are set out on page 76. In addition, it is to be noted that Denise Collis served as an Independent Non-Executive Director (and Remuneration Committee Chair) until 16 January 2025 when, as expected, she stepped down from the Board following the expiry of her nine-year term.

The Directors are responsible for the management of the business of the Company and may exercise all the powers of the Company subject to applicable legislation and regulation and the Company's Articles.

The Company's Articles give power to the Board to appoint directors and (where notice is given signed by all the other Directors) remove a Director from office. They also give a power to the Company to appoint Directors (by ordinary resolution) and remove a Director from office (by special resolution or by ordinary resolution of which special notice has been given).

The interests of the Directors and their immediate families in the share capital of the Company, along with details of Directors' share options and awards, are set out in the Directors' Remuneration Report on pages 123 and 124.

At no time during the year did any of the Directors have a material interest in any significant contract with the Company or any of its subsidiaries.

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. The Company has also provided an indemnity for its directors and secretary and for the Directors of its associated companies, to the extent permitted by law, which is a qualifying third-party indemnity provision for the purposes of section 234 of the Companies Act 2006.

Directors' conflicts of interest

The Board confirms that a formal system for Directors to declare their interests and for the independent Directors to authorise situational conflicts continues to be in place. Any authorisations given by the Board are recorded in the Board minutes and in a register of directors' conflicts which is reviewed annually by the Board.

Employees

Details of the Company's policies in relation to employment, training and development, employee engagement, employee share ownership and equal opportunities are set out in the Sustainability Report on page 42 and in the Corporate Governance Report on page 76.

Suppliers and customers

Details of how the directors have engaged with suppliers and customers to help foster the Company's business relationships with its suppliers, customers and others and the outcome of such engagement on the decisions made by the Board are set out the Corporate Governance Report on page 76.

Greenhouse gas emissions

Details of the Company's greenhouse gas emissions and SECR disclosures are set out in the Sustainability Report on page 42.

Consideration of climate change

In preparing the Group Financial Statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the Sustainability report on page 42. There has been no material impact identified on the financial reporting judgements and estimates. In particular, the directors considered the impact of climate change in respect of the Company's going concern and viability review (see page 65). The Directors have determined that none of the short or medium-term climate-related risks identified in its review pose a threat to the business but the Directors nonetheless remain mindful of the ever-changing risks associated with climate change and intend to continue to assess these risks (and any emerging risks that arise from ongoing reviews) against the judgements and estimates made in the preparation of the Group Financial Statements.

Political donations

It is the Company's policy not to make political donations and no political donations or EU political expenditure were made in the year (FY2024: £nil).

Bribery Act 2010

The Company has an established anti-bribery policy in place designed to manage risks relating to bribery and corruption. Guidance and training are provided to colleagues through an online webinar presentation, along with support from the Company's Legal team on how to manage these risks. Suppliers and contractors are made aware of the anti-bribery policy, through our Supplier Code and appropriate contractual arrangements. Anti-bribery and corruption measures are regularly kept under review to ensure that the steps in place are sufficiently robust to prevent bribery and corruption.

Health and safety

We are committed to providing a safe place for our colleagues to work and for visitors and contractors to our sites. Policies applicable to the safety and wellbeing of our colleagues are reviewed on an ongoing basis to ensure that the approach to training, risk assessments, safe systems of working and accident management are appropriate. An ongoing audit programme assesses health and safety risks on a regular basis and ensures that robust control measures are in place to limit these risks. Further details are set out in the Audit Committee Report on page 92.

Financial instruments

Information on the Company's financial risk management objectives and policies and on the exposure of the Company to relevant risks in respect of financial instruments is set out in Note 16 to the Group Financial Statements.

Disclosure of information to auditor

Each Director confirms that, so far as they are aware, there is no relevant audit information (as defined in section 418 of the Companies Act 2006) of which the Company's auditor is unaware and that each Director has taken all the steps they ought reasonably to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Resolutions to reappoint BDO LLP as auditor of the Company and to authorise the Audit Committee to determine their remuneration will be proposed at the 2026 Annual General Meeting.

Annual General Meeting

The 2026 Annual General Meeting of the Company will be held at Rowan House, Cherry Orchard North, Kembrey Park, Swindon, Wiltshire SN2 8UH on Thursday 29 January 2026 at 11.30am. The Notice of Annual General Meeting is given, together with explanatory notes to the proposed resolutions to be considered at the meeting, in the booklet which accompanies this report.

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

Stuart Marriner

Company Secretary and General Counsel

3 November 2025

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors are required to prepare the Group Financial Statements in accordance with UK adopted international accounting standards and have elected to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards (relevant to the Group Financial Statements), subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business;
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that this Annual Report and the Group Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring this Annual Report and the Group Financial Statements are made available on a website. The Group Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of these financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The Group Financial Statements have been prepared in accordance with the applicable set of accounting standards (UK-adopted international accounting standards) and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- This Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board on 3 November 2025 and signed on its behalf by:

Jonathan Bunting

Chief Executive Officer

3 November 2025

Paul Baker

Chief Financial Officer

3 November 2025

Independent auditor's report to the members of Smiths News plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 August 2025 and of the Group's profit and cashflows for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Smiths News plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 week period ended 30 August 2025 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement, the Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed on 15 March 2019 to audit the financial statements for the year ended 31 August 2019 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the periods ended 31 August 2019 to 30 August 2025. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of the forecasts and covenant calculations for the Group for a period of 16 months from the date of approval of the financial statements, being the period determined by the Directors over which going concern was assessed to align with covenant compliance dates post the required 12 month going concern assessment period. This included assessing that the forecasts were consistent with the latest Board approved budgets;
- We considered whether the period used by the Directors for the 16 months to 28 February 2027 was appropriate – this included assessing any significant events or conditions expected beyond the period of management's assessment & considering the implication thereof;
- We assessed assumptions within the cash flow forecasts: we challenged the assumptions used in the forecasts, this included:
 - the rate of revenue decline from printed media;
 - the ability to implement operational cost-saving strategies;
 - gross margins;
 - future growth strategies;
 - Dividend payments;
 - Other potential cash outflows; and
 - Share purchases required for the EBT.

Independent auditor's report continued to the members of Smiths News plc

In challenging management, we held meetings with both the finance team, Director of Strategy & Change and Recycle Managing Director. The assumptions were corroborated by reviewing historical trend analysis and reviewing against market data where applicable. We undertook the following work as part of this;

- Tested the numerical accuracy and mechanics of the going concern model used to prepare the forecasts;
- Agreed a sample of the Group cash balances from the forecasts to post year end bank statements and compared the Group cash balance to the forecasted amount to assess accuracy and reliability of forecasting;
- Considered and evaluated the current financing agreement to understand the terms of the agreement and the covenant compliance requirements;
- Tested the covenant calculation, and forecast covenant compliance, against the Group's financing agreement to confirm that there remains sufficient headroom in the forecasts for the going concern period;
- Challenge of Directors' scenario analysis and sensitivities with specific reference to the Group's principal and emerging risks. This included an evaluation of sensitivities over the Group's cash flows and covenants to changes in the significant inputs and assumptions used;
- Scrutinised the stress tests and reverse stress test which demonstrated the reduction in EBITDA required without mitigation for a liquidity event or covenant breach to occur and considered the Directors' assessment that it was remote for such a reduction to occur;
- Assessed the mitigating factors available to management to address any downturns in EBITDA;
- Compared the post year end trading results to the forecasts to evaluate the accuracy and achievability of the forecasts prepared;
- Evaluated the accuracy of Management's historical forecasting; and
- Evaluated the completeness and accuracy of the disclosures in relation to the conclusion reached by the Directors in their going concern assessment and the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

| | |
|-----------------|---------------------------------------|
| Coverage | 99% (2024: 99%) of Group revenue |
| | 99% (2024: 99%) of Group total assets |

| Key audit matters | 2024 | 2025 |
|---|---|-------------|
| Carrying value of the investments in Smiths News plc (Parent Company) | ✓ | ✓ |
| Materiality | Group financial statements as a whole – £1.8m (2024: £1.6m) based on 5% (2024: 5%) of Adjusted Profit before Tax | |

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process.

We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

From our risk assessment and planning procedures, we determined which of the Group's components were likely to include risks of material misstatement relevant to the Group's financial statements. We then determined the type of procedures to be performed at these components.

Components in scope

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- Procedures on the entire financial information of the component, including performing substantive procedures – two components.
- Procedures on one or more classes of transactions, account balances or disclosures for components – two components.

Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatement at the component level. In determining components, we have considered how components are organised within the Group, and the commonality of control environments, legal and regulatory framework, and level of aggregation associated with individual entities.

The Group engagement team has performed all procedures directly, and has not involved component auditors.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting, commonality of controls and similarity of the group's activities and business lines. We therefore designed and performed some procedures centrally.

The group operates a centralised IT function that supports IT processes for all components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in Management's going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as Other Information on page 127 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters that were materially affected by climate-related risks.

Key audit matters

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

| Key audit matter | How the scope of our audit addressed the key audit matter |
|--|---|
| <p>Carrying value of investment in Smiths News Holding Limited by Smiths News plc (Parent Company)</p> <p>Refer to the Accounting policies (note 3 of the Parent Company Financial Statements).</p> <p>The carrying value of investment in Smiths News Holding Limited has previously been subject to impairment and the carrying value is therefore below original cost.</p> <p>Management identified indicators of impairment including:</p> <ul style="list-style-type: none"> • the difference between the Group's total market capitalisation and carrying value • the ongoing decline in printed media revenues; and • payment of dividends in the year from Smiths News Holdings Limited to Smiths News plc which reduced the underlying net assets <p>Based on the above indicators, an impairment assessment was performed by management on the investment carrying value.</p> <p>Where an impairment review is conducted, the recoverable amount is determined based on the higher of 'value in use' or 'fair value less costs of disposal'.</p> <p>Value in use has been calculated using cash flows reflecting management's best estimate of the current economic outlook. As the investment represents an equity investment, the value in use has been adjusted to reflect the overall net debt of the underlying subsidiaries.</p> <p>Management's value in use model and hence assessment is sensitive to changes in the key assumptions, including discount rates, year on year growth and long term growth rates set out in Note 3 of the Parent Company financial statements.</p> <p>Management is required to ensure that the disclosures are complete and accurate to enable users of the financial statements to understand the assumptions and the sensitivities apparent.</p> <p>As the model is highly sensitive to the key assumptions, and given the proportion of time spent in auditing this judgemental area, we determined it to be a Key Audit Matter ("KAM").</p> | <p>With the support of our internal valuation specialists, we have assessed the methodology applied by management in performing the impairment test against the requirements of IAS 36 'Impairment of assets' and considered the various indicators identified by management in respect of impairment.</p> <p>In respect of the value in use calculations we challenged the cash flow estimates and assumptions used by:</p> <ul style="list-style-type: none"> • reviewing the forecast against historical trends including long-term volume declines and historical forecasting accuracy; • assessing price and volume assumptions against market benchmarks, while also evaluating historical trends • confirming existing contracts with publishers; • assessing the Group's capacity to mitigate volume declines through operational savings; • assessing the Group's ability to deliver Growth targets for Recycle & Final Mile; • holding discussions with operational team members who were separate to the finance team; • considering the impact the Group's principal risks and uncertainties as well as considering whether further sensitivities could be applied. <p>In addition to the procedures performed on cash flows we undertook the following:</p> <ul style="list-style-type: none"> • assessed the discount rates applied in the model to each of the identified components, by reviewing the methodology used to calculate the discount rates through independently determining a range of acceptable rates, considering market data and comparable companies; • tested the arithmetic accuracy of the impairment model. • considered the risk of management bias and override given the impact an impairment would have on retained earnings, and hence distributable reserves. • assessed and challenged the adequacy of management's sensitivity disclosures in relation to key assumptions to consider the extent of change in those assumptions that would be required to lead to a significant change in the carrying value, in particular forecast cash flows and discount rate; and • considered and scrutinised management's assessment as to why the carrying value of the investment exceeded market capitalisation. <p>Key observations:</p> <p>As a result of performing the procedures above we did not identify any material issues.</p> |

Independent auditor's report continued

to the members of Smiths News plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

| | Group financial statements | | Parent company financial statements | |
|---|---|---|--|---|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Materiality | 1.8 | 1.6 | 1.7 | 1.0 |
| Basis for determining materiality | 5% of profit before adjusting items and tax | 5% of profit before adjusting items and tax | 1.5% of Total Assets, but capped at 95% of Group consolidated materiality | 1% of Total Assets, but capped at 60% of Group consolidated materiality |
| Rationale for the benchmark applied | We consider this to be the most appropriate performance measure as it removes the impact of certain one-off or exceptional items impacting the underlying profit of the Group and is also a key measure for stakeholders. | | Calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk. | |
| Performance materiality | 1.3 | 1.2 | 1.3 | 0.7 |
| Basis for determining performance materiality | 75% of materiality | | 75% of materiality | |
| Rationale for the percentage applied for performance materiality | Based on our experience and knowledge of the Group, the Group structure, planned testing approach, and history of errors. The Performance Materiality percentage has increased from the prior period, given the reduced level of misstatements and control environment. | | Based on our experience and knowledge of the Company, planned testing approach, and history of errors. The Performance Materiality percentage has increased from the prior period, given the reduced level of misstatements and control environment. | |

Component performance materiality

We identified 4 components being Smith News Trading Limited, Smiths News Holdings Limited, Smiths News plc (Parent Company) and Martin Lavell Limited. We set component performance materiality at £1.26m based on a percentage of 95% of Group performance materiality in respect of all four components as detailed above, which was deemed appropriate based on the relevant levels of aggregation risk.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £70k (2024: £30k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

| | |
|--|---|
| Going concern and longer-term viability | <ul style="list-style-type: none"> • The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 143; • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 65; and • The Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities set out on page 130. |
| Other Code provisions | <ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 101; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 67; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 67; and • The section describing the work of the audit committee set out on page 93. |

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

| | |
|--|--|
| Strategic report and Directors' report | <ul style="list-style-type: none"> • In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. • In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report. |
| Directors' remuneration | <ul style="list-style-type: none"> • In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006. |
| Matters on which we are required to report by exception | <ul style="list-style-type: none"> • We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit. |

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report continued to the members of Smiths News plc

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance, in-house legal counsel and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be applicable financial reporting frameworks (UK adopted international accounting standards in respect of the Group and UK GAAP in respect of the Parent Company) and relevant tax compliance regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK Companies Act, Listing Rules, employment law, health and safety and pensions legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of correspondence with The Pensions Regulator;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of whistleblowing reports for any known or suspected instances of non-compliance with laws and regulations;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Discussions with management, those charged with governance, in-house legal counsel and the Audit Committee to identify any instances or potential instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, in-house legal counsel and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Review of whistleblowing reports for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area's most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing of journal entries throughout the year, including revenue entries, which met defined risk criteria, by agreeing to supporting documentation and corroborating that the journals had been posted by appropriate users under appropriate authorisation; and
- Assessing the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Group. This included those relating to the Parent Company impairment review, presentation of adjusting items, property dilapidations provision and contingent liabilities.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Oliver Chinneck (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

3 November 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group Income Statement

for the 52-week period ended 30 August 2025

| £m | Note | 52-week period ended 30 August 2025 | | | 53-week period ended 31 August 2024 | | |
|--|------|--|--------------------|--------------|--|--------------------|--------------|
| | | Adjusted* | Adjusting items | Total | Adjusted* | Adjusting items | Total |
| Revenue | 2 | 1,064.0 | - | 1,064.0 | 1,103.7 | - | 1,103.7 |
| Cost of sales | 2 | (988.9) | - | (988.9) | (1,030.5) | - | (1,030.5) |
| Gross profit | | 75.1 | - | 75.1 | 73.2 | - | 73.2 |
| Administrative expenses | | (35.8) | (1.6) | (37.4) | (33.8) | - | (33.8) |
| Net impairment (loss)/reversal on trade receivables | 13 | (0.1) | 3.7 | 3.6 | (0.1) | 0.6 | 0.5 |
| Losses from equity accounted joint ventures | 11 | (0.1) | - | (0.1) | (0.2) | - | (0.2) |
| Impairment reversal of joint venture investment | 11 | - | - | - | - | 0.3 | 0.3 |
| Operating profit | | 39.1 | 2.1 | 41.2 | 39.1 | 0.9 | 40.0 |
| Finance costs | 5 | (3.6) | - | (3.6) | (6.3) | - | (6.3) |
| Finance income | 5 | 0.3 | - | 0.3 | 0.4 | - | 0.4 |
| Profit before tax | | 35.8 | 2.1 | 37.9 | 33.2 | 0.9 | 34.1 |
| Income tax expense | 6 | (8.8) | (0.8) | (9.6) | (8.5) | (0.1) | (8.6) |
| Profit for the period attributable to equity shareholders | | 27.0 | 1.3 | 28.3 | 24.7 | 0.8 | 25.5 |
| Earnings per share | | | | Pence | | | Pence |
| Basic | 8 | | | 11.7 | | | 10.6 |
| Diluted | 8 | | | 11.3 | | | 10.2 |

* This measure is described in Note 1(4) of the accounting policies and the Glossary on page 175. Adjusting items are set out in Note 3 to the Group Financial Statements.

Group Statement of Comprehensive Income

for the 52-week period ended 30 August 2025

| £m | | 52-week period ended 30 August 2025 | 53-week period ended 31 August 2024 |
|---|----|---|---|
| Items that may be reclassified to the income statement: | | | |
| Currency translation differences | | - | (0.1) |
| 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 | (0.1) |
| Profit for the period | | 28.3 | 25.5 |
| Total comprehensive income for the period | | 29.8 | 25.4 |

Group Balance Sheet

as at 31 August 2025

| £m | Note | At 30 August 2025 | At 31 August 2024* |
|---|-------|-------------------------|--------------------------|
| Non-current assets | | | |
| Intangible assets | 9 | 2.5 | 2.4 |
| Property, plant and equipment | 10 | 10.7 | 9.7 |
| Right-of-use assets | 17 | 29.4 | 29.5 |
| Interest in equity accounted joint ventures | 11 | 4.6 | 4.6 |
| Deferred tax assets | 18 | 0.8 | 1.3 |
| Other non-current assets | | 0.9 | – |
| | | 48.9 | 47.5 |
| Current assets | | | |
| Inventories* | 12 | 12.6 | 18.0 |
| Trade and other receivables* | 13 | 103.4 | 106.2 |
| Cash and cash equivalents | 15 | 8.2 | 7.0 |
| Corporation tax receivable | | 0.9 | 0.9 |
| | | 125.1 | 132.1 |
| Total assets | | 174.0 | 179.6 |
| Current liabilities | | | |
| Trade and other payables | 14 | (127.2) | (128.5) |
| Lease liabilities | 17 | (5.6) | (5.5) |
| Provisions | 19 | (0.5) | (1.3) |
| | | (133.3) | (135.3) |
| Non-current liabilities | | | |
| Bank loans and other borrowings | 15 | (1.7) | (17.6) |
| Lease liabilities | 17 | (24.9) | (25.4) |
| Provisions | 19 | (4.6) | (4.6) |
| | | (31.2) | (47.6) |
| Total liabilities | | (164.5) | (182.9) |
| Total net assets/(liabilities) | | 9.5 | (3.3) |
| 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) | (2.9) | (3.7) |
| Translation reserve | 23(c) | 0.2 | 0.2 |
| Retained earnings | | 219.4 | 207.4 |
| Total shareholders' funds/(deficit) | | 9.5 | (3.3) |

* Comparatives have been restated as detailed in Note 1(26).

The accounts were approved by the Board of Directors and authorised for issue on 3 November 2025 and were signed on its behalf by:

Jonathan Bunting
Chief Executive Officer

Paul Baker
Chief Financial Officer

Registered number – 05195191

Group Statement of Changes in Equity for the 52-week period ended 31 August 2025

| £m | Note | Called up share capital | Share premium account | Demerger reserve | Own shares reserve | Translation reserve | Retained earnings | Total |
|---|------|-------------------------------|-----------------------------|---------------------|--------------------------|------------------------|----------------------|---------------|
| Balance at 27 August 2023 | | 12.4 | 60.5 | (280.1) | (4.4) | 0.4 | 194.9 | (16.3) |
| Profit for the period | | - | - | - | - | - | 25.5 | 25.5 |
| Currency translation differences | | - | - | - | - | (0.2) | 0.1 | (0.1) |
| Total comprehensive income for the period | | - | - | - | - | (0.2) | 25.6 | 25.4 |
| Dividends paid | 7 | - | - | - | - | - | (10.8) | (10.8) |
| Employee share scheme purchases | | - | - | - | (3.3) | - | - | (3.3) |
| Employee share scheme awards | | - | - | - | 4.0 | - | (3.2) | 0.8 |
| Recognition of share-based payments net of tax | | - | - | - | - | - | 0.9 | 0.9 |
| Current tax recognised in equity | | - | - | - | - | - | 0.1 | 0.1 |
| Deferred tax recognised in equity | | - | - | - | - | - | (0.1) | (0.1) |
| Balance at 31 August 2024 and 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 |

Group Cash Flow Statement

for the 52-week period ended 30 August 2025

| £m | Note | 52-week period ended 30 August 2025 | 53-week period ended 31 August 2024 |
|--|------|---|--|
| Net cash inflow from operating activities | 21 | 49.4 | 22.4 |
| Investing activities | | | |
| Dividends received from joint ventures | 11 | 0.2 | 0.2 |
| Purchase of intangible assets | 9 | (0.6) | (1.0) |
| Purchase of property, plant and equipment | 10 | (3.9) | (3.4) |
| Interest received | | 0.2 | 0.4 |
| Net cash used in investing activities | | (4.1) | (3.8) |
| Financing activities | | | |
| Interest paid | | (3.2) | (4.9) |
| Dividend paid | 7 | (17.4) | (10.8) |
| Repayments of lease principal | | (6.5) | (5.9) |
| Repayment of term loan | | - | (41.5) |
| Net (decrease)/increase in revolving credit facility | 15 | (15.9) | 17.5 |
| Purchase of own shares by Employee Benefit Trust | | (1.6) | (3.3) |
| Proceeds from exercise of share purchase options | | 0.5 | - |
| Net cash used in financing activities | | (44.1) | (48.9) |
| Net decrease in cash and cash equivalents | | 1.2 | (30.3) |
| Opening net cash and cash equivalents | | 7.0 | 37.3 |
| Closing net cash and cash equivalents | 15 | 8.2 | 7.0 |

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 30 August 2025 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in joint ventures. 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 30 August 2025 and are included in the Group Accounts.

Unless otherwise noted references to 2024 and 2025 relate to a 53-week period ended 31 August 2024 and the 52-week period ended 30 August 2025 as opposed to calendar year.

The Accounts were authorised for issue by the directors on 3 November 2024.

(2) Accounting basis of preparation

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 27 February 2027, the Company's interim reporting date for FY2027, the going concern period.

The Group currently has a net asset position of £9.5m as at 30 August 2025. All bank covenant tests were met at the balance sheet date. The key Bank Net (Cash)/Debt: Bank EBITDA ratio of (0.1)x was below the covenant test threshold of 2.5x.

The intra-month working capital cash flow cycle at Smiths News generates a routine and predictable cash swing and therefore a predictable fluctuation in Bank Net Debt during the course of the month compared to the closing Bank Net Debt position. The Group's average daily Bank Net Cash during the period was £3.3m (2024: £11.7m Bank Net Debt). The Company utilises a Revolving Credit Facility (RCF) to manage the cash swing. At the balance sheet date, £36.4m of the RCF was available and the Company had £5.4m of cash on hand giving headroom of £41.8m. Additionally the Group held £2.8m in the EBT held for the purpose of purchasing own shares.

3i) Bank facility

The Group's banking facility comprises an RCF of £40.0m and an uncommitted accordion facility of £10.0m. The RCF is available less committed letters of credit amounting to £1.5m (see Note 15). The agreement is with HSBC and Santander.

The facility's current margin is 2.45% per annum over SONIA and has a final maturity date of 2 May 2028, following the extension exercised on the facility's first anniversary, and with the option of a one-year extension with lender consent on the second anniversary.

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 2027 if EBITDA was 56% 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;
- 93% of contracts secured with publishers to 2029; 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.

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

The Company has vendor finance arrangements in place where it has the ability to request early payment of invoices at a small discount, the payments are non-recourse and the invoices are considered settled from both sides once payment is received. The Company has not made use of this facility in the current or prior periods, nor since the balance sheet date.

Notes to the Accounts continued

1. Accounting policies continued

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) Alternate 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 on page 175), 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 £898.2m (2024: £937.3m).

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 on page 175.

Based on the nature of the transactions, adjusting items after tax was a credit of £1.3m (2024: credit of £0.8m) and a breakdown is included within Note 3.

Contingent liabilities

During the period the Group has 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 has, supported by external legal advice, applied judgement in concluding the matter to be disclosed as a contingent liability, 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 key assumptions concerning the future, and other 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 amounts of assets and liabilities within the next period are as follows.

Property provision

The Group holds a provision which estimates the future liabilities to restore leased premises to an agreed standard at the date the lease is terminated. The provision is calculated using assumptions which include the length of time properties will be occupied, the discount rate applied, inflation and the future costs of restoration and the condition of the property at the end of occupation.

A change in any of these assumptions could materially impact the provision balance. Refer to Note 19 for further details on the sensitivity of the assumptions used to calculate the property provision. The property provision's carrying value at the balance sheet date was £4.6m (2024: £5.2m).

1. Accounting policies continued

(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 recyclable returns waste. Products sold and handled are principally newspapers, magazines and collectables, but also include other items such as books and greeting cards. 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 includes income from services to collect recycle 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 are typically made on a sale or return basis, 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. 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. These estimates are similarly applied to calculate the credit for purchase returns.

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. Accumulated experience is used to estimate and provide for the discount and returns, using the expected value method, and 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 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 of 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, on a monthly basis, by the Board, making decisions based on the Group as whole.

Included in revenues arising from Smiths News are revenues of £100.3m (2024: £100.5m) which arose from sales to the Group's largest customer. Three other customers contributed 13.1% (2024: 13.9%) 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.

Notes to the Accounts continued

1. Accounting policies continued

(11) Capitalisation of internally generated development costs

Expenditure on 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 complete the development and 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. Software costs 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 incurred 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 arising on all acquisitions is initially recognised as an asset at cost and is subsequently measured at cost and accumulated impairment losses.

The carrying value of goodwill is reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. 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 acquired intangibles is charged to the income statement on a straight-line basis over the estimated useful lives as follows:

| | |
|--------------------------------|--------------------|
| Customer relationships | – 2.5 to 7.5 years |
| Trade name | – 5 to 10 years |
| Software and development 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. No depreciation has been charged on freehold land. Other assets are depreciated, to a residual value, on a straight-line basis over their estimated useful lives, as follows:

| | |
|---|---|
| Freehold and long-term leasehold properties | – over 20 years |
| Short-term leasehold properties | – 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.

1. Accounting policies continued

(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 unless the lease transfers ownership of the underlying asset to the lessee, to which depreciation is over the useful life of the underlying asset. 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 a lessee 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 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.

Notes to the Accounts continued

1. Accounting policies continued

(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 trade date, being the date on which the Group has the right to the asset. Other receivables are derecognised when the rights to receive cash flows from the other receivables 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 it is 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 includes 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.

1. Accounting policies continued

(20) Treasury continued

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 share 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.

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 period the Group has adopted the following accounting standards and interpretations:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

The standards and amendments adopted had no impact on the financial statements to prior periods and are not expected to significantly affect the current or future periods.

Notes to the Accounts continued

1. Accounting policies continued

(25) Changes in accounting policies continued

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 from 1 January 2027 with early adoption permitted.

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

(26) Restatement of comparative information

The prior period balance sheet has been restated to reclassify £4.1m of returned newspapers from inventories to trade and other receivables to correctly reflect the nature of the balance. This has no impact on the net assets, cash flow statement, or income statement. The same reclassification of £4.1m was also required in the 2023 period end balance sheet.

2. Operating profit

Revenue and cost of sales are analysed as follows:

| £m | 2025 | | | 2024 | | |
|--|----------------|-----------------|----------------|------------------|-----------------|------------------|
| | Adjusted | Adjusting items | Total | Adjusted | Adjusting items | Total |
| Wholesale distribution revenue | 1,061.0 | - | 1,061.0 | 1,101.1 | - | 1,101.1 |
| Other revenue | 3.0 | - | 3.0 | 2.6 | - | 2.6 |
| Total revenue | 1,064.0 | - | 1,064.0 | 1,103.7 | - | 1,103.7 |
| Cost of inventories recognised as an expense | (898.2) | - | (898.2) | (937.3) | - | (937.3) |
| Distribution costs | (90.7) | - | (90.7) | (93.2) | - | (93.2) |
| Cost of sales | (988.9) | - | (988.9) | (1,030.5) | - | (1,030.5) |
| Gross profit | 75.1 | - | 75.1 | 73.2 | - | 73.2 |

Operating profit is stated after charging/(crediting):

| £m | Note | 2025 | 2024 |
|--|------|-------|-------|
| Depreciation on property, plant and equipment | 10 | 2.5 | 2.2 |
| Amortisation of intangible assets | 9 | 0.5 | 0.4 |
| Depreciation on right-of-use assets | 17 | 6.5 | 5.9 |
| Short-term and low-value lease charges on equipment and vehicles | | 0.6 | 0.5 |
| Lease rental income – land and buildings | | (0.2) | (0.4) |
| Staff costs (excluding share-based payments) | 4 | 46.6 | 44.1 |

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 | 2025 | 2024 |
|--|------------|------------|
| 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 on page 92.

3. Adjusting items

| £m | | 2025 | 2024 |
|---|-----|--------------|-------|
| Tuffnells costs | (a) | (0.8) | 0.2 |
| Technology transformation costs | (b) | (0.7) | (0.1) |
| Network and reorganisation costs | (c) | (0.1) | (0.1) |
| Administrative expenses | | (1.6) | - |
| Impairment reversal on trade receivables | (d) | 3.7 | 0.6 |
| Impairment reversal of investment in joint ventures | (e) | - | 0.3 |
| Total before tax | | 2.1 | 0.9 |
| Taxation | | (0.8) | (0.1) |
| Total after taxation | | 1.3 | 0.8 |

The Group recognised a net total adjusting items credit before tax of £2.1m (2024: £0.9m) and net credit of £1.3m (2024: £0.8m) after tax respectively. Adjusting items are defined in the accounting policies in Note 1 and in the Glossary on page 175. 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:

Administrative expenses: £1.6m costs (2024: net £nil)

(a) Tuffnells costs: £0.8m (2024: £0.2m credit)

As part of the sale of Tuffnells Parcels Express Limited (Tuffnells) in May 2020, a contractual agreement was put in place in respect of the future treatment and responsibility of certain insurance claims brought or notified to insurers. This agreement extinguished the Group's exposure to new accident and insurance claims brought after the sale of Tuffnells but which related to the Group's period of ownership of Tuffnells up to May 2020.

During the period, a review of provisions was held in respect of all remaining claims held following utilisations in the period and as a result, the provision was increased by £0.1m (2024: reduced by £0.2m), reflecting management's best estimate of remaining claims brought at the period end.

In the period professional fees of £0.7m were incurred in respect of the Group responding 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. Further details are included in Note 20.

These provisions have been reported as adjusting items on the basis that it relates to a former discontinued operation and is therefore outside the normal course of activity. The cash impact during the period was an outflow of £1.0m (2024: £0.1m) being £0.8m of professional fees and £0.2m (2024: £0.1m) of insurance settlements.

(b) Technology transformation costs: £0.7m (2024: £0.1m)

In the prior period a transformation programme to enhance its technology infrastructure and enable alignment to the Group's updated vision and strategy commenced.

Implementation costs of £0.7m (2024: £0.1m) have been recognised as adjusting items on the basis that the three-year programme is driving a significant change to the Company and largely comprise software-as-a-service arrangements. The cash impact was an outflow of £0.7m (2024: £0.1m).

(c) Network and reorganisation costs: £0.1m (2024: £0.1m)

During the period, an additional £0.1m (2024: £0.1m) of costs were provided for with regards to simplifying the DMD group structure. It is expected that this work will be concluded in the next 12 months.

The cash impact of network and reorganisation was a £0.1m outflow (2024: £0.2m outflow).

(d) Impairment provision on trade receivables: £3.7m credit (2024: £0.6m)

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 total of £1.7m, as per the issued notification from the administrators.

During the period, £5.4m was recovered from the administrators in final settlement of the claim, which was £3.7m higher than expected, and therefore released and reported as an adjusting item on the same basis as previous impairment losses and reversals recognised during the prior periods. Further details are included in Note 13.

(e) Impairment reversal of investment in joint ventures: £nil (2024: £0.3m reversal)

During the prior period, the Company reviewed the business plan for the Rascal joint venture. As a result of this review, the remaining cumulative impairment of £0.3m was reversed, which has been presented within adjusting items to align to the previous impairment charge, which was significant in both quantum and nature to the results of the Group.

Taxation on adjusting items increased by £0.7m to £0.8m (2024: £0.1m), driven by the release of McColl's provision noted above.

Notes to the Accounts continued

4. Staff costs and employees

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

| £m | 2025 | 2024 |
|------------------------------|-------------|-------------|
| Wages and salaries | 41.2 | 39.4 |
| Social security | 4.2 | 3.6 |
| Pension costs | 1.2 | 1.1 |
| Share-based payments expense | 1.3 | 0.9 |
| Total | 47.9 | 45.0 |

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

| | 2025 | 2024* |
|-------------------|--------------|--------------|
| Operations | 1,291 | 1,345 |
| Support functions | 121 | 120 |
| Total | 1,412 | 1,465 |

* During the period, the average number of employees reported has been updated to better align to the requirements of the Companies Act. Comparatives have been restated as a result.

Defined contribution pension schemes

The Group operates two defined contribution pension schemes. For the 52 weeks ended 30 August 2025, contributions from the respective employing company totalled £1.2m (2024: £1.1m) 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 | 2025 | 2024 |
|---|------|--------------|--------------|
| Interest on bank overdrafts and loans | | (0.8) | (2.7) |
| Amortisation of loan arrangement fees* | | (0.2) | (1.4) |
| Interest payable on leases | | (2.4) | (2.0) |
| Total interest cost on financial liabilities at amortised cost | | (3.4) | (6.1) |
| Unwind of discount on provisions | 19 | (0.2) | (0.2) |
| Finance costs | | (3.6) | (6.3) |
| Finance income | | 0.3 | 0.4 |
| Net finance costs | | (3.3) | (5.9) |

* During the prior period £0.8m of unamortised arrangement fees were immediately recognised on derecognition of the previous loan facility.

Finance income comprises interest received on bank deposits.

6. Income tax expense

| £m | 2025 | | | 2024 | | |
|---------------------------------------|--------------|-----------------|--------------|------------|-----------------|------------|
| | Adjusted | Adjusting items | Total | Adjusted | Adjusting items | Total |
| Current tax | 8.7 | 0.8 | 9.5 | 8.2 | 0.1 | 8.3 |
| Adjustment in respect of prior period | (0.3) | - | (0.3) | - | - | - |
| Total current tax charge | 8.4 | 0.8 | 9.2 | 8.2 | 0.1 | 8.3 |
| Deferred tax – current period | 0.4 | - | 0.4 | 0.3 | - | 0.3 |
| Total tax charge | 8.8 | 0.8 | 9.6 | 8.5 | 0.1 | 8.6 |
| <i>Effective tax rate</i> | 24.6% | | 25.3% | 25.6% | | 25.2% |

The effective adjusted income tax rate in the period was 24.6% (2024: 25.6%). After the impact of tax recognised on adjusting items of £0.8m (2024: £0.1m), the effective statutory income tax rate was 25.3% (2024: 25.2%).

Corporation tax is calculated at the main rate of UK corporation tax of 25% (2024: 25%). The Group has assessed its deferred tax positions using a rate of 25%. Taxation for other jurisdictions was applied using prevailing rates.

6. Income tax expense continued

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

| £m | 2025 | 2024 |
|--|-------------|-------|
| Profit before tax | 37.9 | 34.1 |
| Tax on profit at the standard rate of UK corporation tax | 9.5 | 8.5 |
| Income not subject to tax | - | (0.1) |
| Expenses not deductible for tax purposes | 0.4 | 0.3 |
| Adjustment in respect of prior periods | (0.3) | 0.1 |
| Share options | - | (0.2) |
| Tax charge | 9.6 | 8.6 |

Amounts recognised directly in equity

A current tax credit of £0.5m (2024: £0.1m) and deferred tax charge of £0.1m (2024: 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 30 August 2025 is the first to which these rules apply 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 has been no impact on the Group's financial statements for the period.

7. Dividends

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

| | 2025 Per share | 2024 Per share | 2025 £m | 2024 £m |
|---|-------------------|-------------------|-------------|------------|
| Dividends proposed in the period | | | | |
| Interim dividend | 1.75p | 1.75p | 4.2 | 4.2 |
| Final dividend | 3.80p | 3.40p | 9.2 | 8.2 |
| Special dividend | 3.00p | 2.00p | 7.3 | 4.8 |
| | 8.55p | 7.15p | 20.7 | 17.2 |
| Dividends paid in the period | | | | |
| Final dividend – prior period | 3.40p | 2.75p | 8.3 | 6.7 |
| Special dividend – prior period | 2.00p | - | 4.9 | - |
| Interim dividend – current period | 1.75p | 1.75p | 4.2 | 4.2 |
| | 7.15p | 4.50p | 17.4 | 10.8 |

After the balance sheet date, a final ordinary dividend of 3.80p per share is proposed for the 52 weeks ended 30 August 2025 (53 weeks ended 31 August 2024: 3.40p), alongside a special dividend of 3.00p per share (2024: 2.00p), each of which is expected to be paid on 5 February 2026 to all shareholders who are on the register of members at close of business on 9 January 2026. The ex-dividend date will be 8 January 2026.

Notes to the Accounts continued

8. Earnings per share

| | 2025 | | | 2024 | | |
|---|----------------|---|--------------------|----------------|---|--------------------|
| | Earnings £m | Weighted average number of shares Million | Pence per share | Earnings £m | Weighted average number of shares Million | Pence per share |
| Weighted average number of shares in issue | | 247.7 | | | 247.7 | |
| Shares held by the Employee Benefit Trust (weighted) | | (5.3) | | | (7.4) | |
| Basic earnings per share (EPS) | | | | | | |
| Adjusted earnings attributable to ordinary shareholders | 27.0 | 242.4 | 11.1 | 24.7 | 240.3 | 10.3 |
| Adjusting items | 1.3 | | | 0.8 | | |
| Earnings attributable to ordinary shareholders | 28.3 | 242.4 | 11.7 | 25.5 | 240.3 | 10.6 |
| Diluted earnings per share (EPS) | | | | | | |
| Effect of dilutive share options | | 7.8 | | | 10.8 | |
| Diluted adjusted EPS | 27.0 | 250.2 | 10.8 | 24.7 | 251.1 | 9.8 |
| Diluted EPS | 28.3 | 250.2 | 11.3 | 25.5 | 251.1 | 10.2 |

Dilutive shares increase the basic number of shares at 30 August 2025 by 7.8m to 250.2m (31 August 2024: by 10.8m to 251.1m). The calculation of diluted EPS reflects the potential dilutive effect of employee incentive schemes.

9. Intangible assets

| £m | Acquired intangibles | | | Internally generated development costs | Computer software costs | Total |
|---|----------------------|---------------------------|--------------|---|----------------------------|---------------|
| | Goodwill | Customer relationships | Trade name | | | |
| 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 30 August 2025 | - | - | - | 1.9 | 0.6 | 2.5 |
| Cost: | | | | | | |
| At 27 August 2023 | 5.7 | 2.4 | 0.2 | 1.8 | 2.8 | 12.9 |
| Additions | - | - | - | 0.8 | 0.1 | 0.9 |
| Disposals | - | (0.3) | - | - | (0.3) | (0.6) |
| At 31 August 2024 | 5.7 | 2.1 | 0.2 | 2.6 | 2.6 | 13.2 |
| Accumulated amortisation and impairment: | | | | | | |
| At 27 August 2023 | (5.7) | (2.4) | (0.2) | (0.4) | (2.3) | (11.0) |
| Amortisation charge | - | - | - | (0.2) | (0.2) | (0.4) |
| Disposals | - | 0.3 | - | - | 0.3 | 0.6 |
| At 31 August 2024 | (5.7) | (2.1) | (0.2) | (0.6) | (2.2) | (10.8) |
| Net book value at 31 August 2024 | - | - | - | 2.0 | 0.4 | 2.4 |

10. Property, plant and equipment

| £m | Land and buildings | | Fixtures and fittings | Equipment and vehicles | Total |
|---|----------------------------------|-----------------------------------|-----------------------|------------------------|---------------|
| | Long-term leasehold improvements | Short-term leasehold improvements | | | |
| 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 |
| Cost: | | | | | |
| At 27 August 2023 | 0.2 | 9.2 | 3.5 | 17.0 | 29.9 |
| Additions | - | 1.4 | 0.1 | 1.6 | 3.1 |
| Disposals | (0.2) | (0.9) | (0.4) | (2.8) | (4.3) |
| At 31 August 2024 | - | 9.7 | 3.2 | 15.8 | 28.7 |
| Accumulated depreciation: | | | | | |
| At 27 August 2023 | (0.2) | (6.8) | (1.7) | (12.4) | (21.1) |
| Depreciation charge | - | (0.5) | (0.3) | (1.4) | (2.2) |
| Disposals | 0.2 | 0.9 | 0.4 | 2.8 | 4.3 |
| At 31 August 2024 | - | (6.4) | (1.6) | (11.0) | (19.0) |
| Net book value at 31 August 2024 | - | 3.3 | 1.6 | 4.8 | 9.7 |

11. Interests in equity accounted joint ventures

| £m | 2025 | 2024 |
|-----------------------------|------------|------------|
| At beginning of the period | 4.6 | 4.4 |
| Share of profit* | 0.2 | 0.1 |
| Impairment reversal | - | 0.3 |
| Dividends received | (0.2) | (0.2) |
| At end of the period | 4.6 | 4.6 |

* During the period working capital loans of £0.3m (2024: £0.3m) were made to joint ventures that were fully impaired and presented with losses from joint ventures.

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

Notes to the Accounts continued

11. Interests in equity accounted joint ventures continued

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 | 31.8% | Estantia House, Pitreavie Drive, Pitreavie Business Park, Dunfermline, Fife KY11 8US | Equity method |
| Fresh On The Go Limited 08775703 | Ordinary Shares | 29.9% | 61 Bridge Street, Kington, HR5 3DJ | 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 2024. 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 which also provides inflight media to the aviation industry.

Fresh On The Go Limited provides retail outlets with coffee vending and other related products. After the balance sheet date, the Group disposed of its holding in Fresh On The Go Limited for consideration of £25,000.

During the period, the Group disposed of its holding in Lucid Digital Magazines Limited t/a LoveMedia for the nominal value of the shares, representing consideration of £100.

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 (2024: £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 £0.3m (2024: £0.3m). The Group holds £4.6m (2024: £4.6m) on the balance sheet comprising a £2.2m (2024: £2.2m) share of net assets and £2.4m (2024: £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.

During the prior period, the Company reviewed the business plan for the Rascal Joint Venture, considering the cumulative previous impairment recognised of £0.3m, and as a result of this review, the remaining impairment was reversed. There have been no new indicators of impairment identified during the current period and therefore an impairment review has not been performed.

12. Inventories

| £m | 2025 | 2024 |
|-------------------------------|-------------|-------------|
| Goods held for resale* | 12.5 | 17.9 |
| Raw materials and consumables | 0.1 | 0.1 |
| Total | 12.6 | 18.0 |

* Comparatives have been restated as detailed in Note 1(26).

13. Trade and other receivables

| £m | 2025 | 2024 |
|---|--------------|--------------|
| Trade receivables | 69.4 | 76.4 |
| Provision for individually assessed expected credit losses ⁽¹⁾ | - | (3.8) |
| Provision for collectively assessed expected credit losses | (0.1) | (0.1) |
| | 69.3 | 72.5 |
| Other debtors* | 31.3 | 30.5 |
| Prepayments | 1.7 | 1.8 |
| Accrued income | 1.1 | 1.4 |
| Trade and other receivables | 103.4 | 106.2 |

* Comparatives have been restated as detailed in Note 1(26).

(1) Net impairment loss on trade receivables – McColl's Retail Group

During the period ended 27 August 2022, the Company received notice that McColl's Retail Group had gone into administration. A statement of claim was filed with the administrators for an amount of £5.5m.

At the prior period end, 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 total of £1.7m, as per the issued notification from the administrators. During the period, £5.4m was recovered from the administrators in final settlement of the claim, which was £3.7m higher than expected, and therefore released to the income statement. The remaining £0.1m was written off to the provision.

In the prior period the expected credit loss provision of £3.8m was allocated to 'over 90 days overdue' matching the ageing profile of the £5.5m total receivable due.

Trade receivables

The average credit period taken on sale is 32 days (2024: 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 | 2025 | | | | 2024 | | | |
|-----------------------|-----------------------|---------------------------|---------------------------|---------------------|-----------------------|---------------------------|---------------------------|---------------------|
| | 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) | 69.3 | - | (0.1) | 69.2 | 70.4 | - | (0.1) | 70.3 |
| 30-60 days overdue | - | - | - | - | 0.1 | - | - | 0.1 |
| 61-90 days overdue | - | - | - | - | 0.1 | - | - | 0.1 |
| Over 90 days overdue | 0.1 | - | - | 0.1 | 5.8 | (3.8) | - | 2.1 |
| Total | 69.4 | - | (0.1) | 69.3 | 76.4 | (3.8) | (0.1) | 72.5 |

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

| % | 2025 | 2024 |
|-----------------------|------|------|
| Current (not overdue) | <0.1 | <0.1 |
| 1-30 days overdue | 1.7 | <0.1 |
| 30-60 days overdue | 17.0 | <0.1 |
| 61-90 days overdue | 20.4 | <0.1 |
| Over 90 days overdue | 31.0 | 70.0 |

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

- two (2024: two) customers had individual balances that represented more than 10% of the total trade receivables balance. The total of these was £18.7m (2024: £20.9m); and
- a further five (2024: three) customers had individual balances that represented more than 5% of the total trade receivables balance. The total of these was £23.8m (2024: £16.9m).

Notes to the Accounts continued

13. Trade and other receivables continued

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

| £m | Note | 2025 | 2024 |
|---|------|------------|------------|
| At beginning of the period | | 3.9 | 4.5 |
| Expected credit losses recognised | | 0.1 | 0.1 |
| Reversal of individually assessed credit losses | 3 | (3.7) | (0.6) |
| Amounts written off as uncollectible | | (0.2) | (0.1) |
| At end of the period | | 0.1 | 3.9 |

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 £1.4m.
- 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 £3.4m.
- 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 returns reserve asset of £17.0m (2024: £16.9m) (refer to Note 1, section 6) and £7.1m (2024: £8.0m) of publisher debtors.

14. Trade and other payables

| £m | 2025 | 2024 |
|-----------------|----------------|----------------|
| Trade payables | (87.2) | (88.4) |
| Other creditors | (31.7) | (32.6) |
| Accruals | (8.2) | (7.4) |
| Deferred income | (0.1) | (0.1) |
| | (127.2) | (128.5) |

Included within other creditors is a balance of £19.8m (2024: £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 30 days (2024: 33 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 2025 | 2024 |
|---|----------|----------------|------------|--------|
| Cash at bank and in hand | 5.2 | 0.2 | 5.4 | 7.0 |
| Cash held by the EBT to purchase own shares | 2.8 | - | 2.8 | - |
| Total cash and cash equivalents | 8.0 | 0.2 | 8.2 | 7.0 |
| Revolving credit facility | (2.1) | - | (2.1) | (18.0) |
| Unamortised arrangement fees – presented in non-current liabilities | 0.4 | - | 0.4 | 0.4 |
| Total borrowings | (1.7) | - | (1.7) | (17.6) |
| Net cash/(borrowings) | 6.3 | 0.2 | 6.5 | (10.6) |
| Total borrowings | | | | |
| Amounts due after 12 months | (1.7) | - | (1.7) | (17.6) |
| Total | (1.7) | - | (1.7) | (17.6) |

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. During the period, the first one-year extension was exercised which extended the maturity date to 2 May 2028.

At 30 August 2025, £2.1m (2024: £18.0m) 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 30 August 2025, the Company had £37.9m (2024: £22.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. This is partially reduced by letters of credit of £1.5m (2024: £1.5m); further details are included in Note 20.

During the period, the net decrease of £15.9m in total borrowings comprised £101.8m of cash inflows from drawing down the RCF and £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 | 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 |

| £m | Note | 27 August 2023 | Financing cash flows | New leases | Disposals | Other changes | 31 August 2024 |
|---------------------------|------|----------------|----------------------|-------------|-----------|---------------|----------------|
| Revolving credit facility | 16 | - | 18.0 | - | - | (0.4) | 17.6 |
| Term loan | 16 | 40.2 | (41.5) | - | - | 1.3 | - |
| Leases | | 23.2 | (7.9) | 11.2 | - | 4.4 | 30.9 |
| Total | | 63.4 | (31.4) | 11.2 | - | 5.3 | 48.5 |

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

Notes to the Accounts continued

15. Cash and borrowings continued

Analysis of net debt

| £m | Note | 2025 | 2024 |
|----------------------------|------|---------------|---------------|
| Cash and cash equivalents* | 16 | 8.2 | 7.0 |
| Non-current borrowings | 16 | (1.7) | (17.6) |
| Net borrowings | | 6.5 | (10.6) |
| Lease liabilities | 17 | (30.5) | (30.9) |
| Net debt | | (24.0) | (41.5) |

* Included within cash and cash equivalents is £2.8m (2024: £nil) 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. In the prior period there was a cap on dividends of £10.0m under the banking facility; subject to all the covenants. As part of the refinancing in May 2024, this restriction was removed.

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 30 August 2025, the Group had £40.0m (2024: £40.0m) of committed bank facilities in place, comprising a £40.0m revolving credit facility (RCF), which expires on 2 May 2028.

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 30 August 2025 the ratio was (0.1x) (2024: 0.3x);
- Interest cover – the consolidated net interest: Bank EBITDA ratio which must remain above 4x. As at 30 August 2025 the ratio was 79x (2024: 17.9x); 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 30 August 2025, the Group had available £36.4m (2024: £20.5m) of undrawn committed borrowing facilities comprising the £37.9m (2024: £22.0m) RCF above less letters of credit of £1.5m (2024: £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 £6.6m (2024: £26.7m). The Group has available funding via the undrawn RCF and a £10m accordion facility option.

16. Financial instruments continued

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 |
|---------------------------|----------------------|------------------------------------|------------------------------------|----------------------------|----------------|
| 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) |
| 2024 | | | | | |
| Bank and other borrowings | (18.0) | - | - | - | (18.0) |
| Trade and other payables | (128.5) | - | - | - | (128.5) |
| Leases | (7.6) | (6.8) | (6.0) | (19.8) | (40.2) |
| Total | (154.1) | (6.8) | (6.0) | (19.8) | (186.7) |

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 £0.4m (2024: £0.6m) 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 | 2025 | 2024 |
|--------------------------------------|--------------|-------|
| Bank deposits and money market funds | 8.2 | 7.0 |
| Trade and other receivables* | 100.6 | 103.0 |
| | 108.8 | 110.0 |

* Comparatives have been restated as detailed in Note 1(26).

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

Notes to the Accounts continued

17. Leases

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

| £m | Equipment and vehicles | Land and buildings | Total |
|---|------------------------|--------------------|---------------|
| Cost: | | | |
| At 1 September 2024 | 1.5 | 49.2 | 50.7 |
| Additions | 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 |
| Cost: | | | |
| At 27 August 2023 | 2.0 | 38.4 | 40.4 |
| Additions | 0.3 | 13.3 | 13.6 |
| Disposals | (0.8) | (2.5) | (3.3) |
| At 31 August 2024 | 1.5 | 49.2 | 50.7 |
| Accumulated depreciation: | | | |
| At 27 August 2023 | (1.4) | (17.2) | (18.6) |
| Depreciation charge | (0.3) | (5.6) | (5.9) |
| Disposals | 0.8 | 2.5 | 3.3 |
| At 31 August 2024 | (0.9) | (20.3) | (21.2) |
| Net book value at 31 August 2024 | 0.6 | 28.9 | 29.5 |
| Amounts recognised in respect of leases | | | |
| £m | | 2025 | 2024 |
| Interest expense (included in finance cost) | | 2.4 | 2.0 |
| Expense relating to low-value leases (included in cost of sales and administrative expenses) | | 0.6 | 0.5 |
| Property rental income | | (0.2) | (0.4) |
| Total cash outflow from leases | | 8.9 | 7.9 |
| Maturity analysis of lease liabilities | | | |
| £m | | 2025 | 2024 |
| Current | | (5.6) | (5.5) |
| Non-current | | (24.9) | (25.4) |
| Total | | (30.5) | (30.9) |
| Amounts recognised as lessor: | | | |
| At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments: | | | |
| £m | | 2025 | 2024 |
| Within one year | | 0.2 | 0.3 |
| In the second to fifth years inclusive | | 0.2 | 0.6 |
| | | 0.4 | 0.9 |

18. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

| £m | Fixed assets | Share-based payments | Other temporary differences | Total |
|---------------------------|--------------|----------------------|-----------------------------|------------|
| 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) |
| At 27 August 2023 | 0.4 | 1.0 | 0.3 | 1.7 |
| (Charge)/credit to income | (0.4) | - | 0.1 | (0.3) |
| Charge to equity | - | (0.1) | - | (0.1) |
| At 31 August 2024 | - | 0.9 | 0.4 | 1.3 |
| Deferred tax assets | - | 0.9 | 0.4 | 1.3 |

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 (2024: £20.2m). Deferred tax assets of £5.1m (2024: £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 1 September 2024 | (0.2) | (0.5) | (5.2) | (5.9) |
| Transfer | 0.1 | (0.1) | - | - |
| Charged to income statement | (0.1) | (0.1) | - | (0.2) |
| Credited to income statement | - | - | 0.2 | 0.2 |
| Utilised in period | 0.1 | 0.3 | 0.6 | 1.0 |
| Unwinding of discount utilisation | - | - | (0.2) | (0.2) |
| At 30 August 2025 | (0.1) | (0.4) | (4.6) | (5.1) |
| £m | | | | 2025 |
| Included within current liabilities | | | | (0.5) |
| Included within non-current liabilities | | | | (4.6) |
| Total | | | | (5.1) |

Reorganisation provisions of £0.1m (2024: £0.2m) 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 £0.4m (2024: £0.5m) 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 2035 with all of the liability falling within ten years and greater than one year.

The Group has performed sensitivity analysis on the property provision using the possible scenarios below:

If the discount rate changes by +/- 0.5%, the property provision would change by +/- £0.2m (2024: +/- £0.1m).

If the repair cost per square foot changes by +/- £1.00p, the property provision would change by +/- £0.5m (2024: +/- £0.3m).

Notes to the Accounts continued

20. Contingent assets, liabilities and capital commitments

Bank and other guarantees

As at 30 August 2025, the Group had approved letters of credit of £1.5m (2024: £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 £0.7m of legal costs in considering and responding to two extensive enquiry requests (October 2024 and June 2025) 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.

The Company has continued to engage with tPR after period end and understands that the Company remains part of tPR's investigations as one of a number of potential targets relevant to its regulatory powers under the Pensions Act 2004.

tPR are yet to issue a Warning Notice as at the date of these financial statements, and it is not known when, or if it will be issued (up to tPR's stated statutory deadline of 20 February 2026). The Board has nevertheless 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 that no Warning Notice has been issued, it remains uncertain at this time as to how tPR may proceed with the information before it or whether any future obligation (including the nature thereof) will arise at all, and the Company therefore does not currently have a present obligation that could lead to an outflow of resources. Accordingly, the Board has concluded that the matter represents a possible obligation only and has disclosed a contingent liability.

tPR has communicated that the Tuffnells defined benefit scheme had an estimated s75 liability of £3.355m (however the final certified liability is yet to be confirmed) and that any Warning Notice, if issued, will be made under its wide-ranging Financial Support Direction powers available to it (which are based on a "no-fault" liability-regime).

With support of legal advice, the Board maintains the view that the Company has acted reasonably throughout its time as parent of Tuffnells and notes that it was an overall net contributor of funding to Tuffnells during its period of ownership. The Company continues to make itself available to provide further assistance to tPR as required.

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 30 August 2025 was £0.9m (2024: £0.4m), which increased 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 (2024: £2.2m).

21. Net cash inflow from operating activities

| £m | Note | 2025 | 2024 |
|--|------|-------------|-------------|
| Operating profit | 3 | 41.2 | 40.0 |
| Impairment reversal of investment in joint venture | 11 | - | (0.3) |
| Share of loss of joint ventures | 11 | 0.1 | 0.2 |
| Depreciation of property, plant and equipment | 10 | 2.5 | 2.2 |
| Depreciation of right-of-use assets | 17 | 6.5 | 5.9 |
| Amortisation of intangible assets | 9 | 0.5 | 0.4 |
| Share-based payments | | 1.3 | 0.9 |
| Decrease/(increase) in inventories | | 5.4 | (4.4) |
| Decrease/(increase) in receivables | | 1.4 | (1.0) |
| Decrease in payables | | (1.4) | (12.2) |
| Decrease in provisions | | (0.8) | (0.8) |
| Income tax paid | | (8.8) | (8.5) |
| Refund of tax on pension surplus* | | 1.5 | - |
| Net cash inflow from operating activities | | 49.4 | 22.4 |
| Net cash flow from operating activities is stated after the following adjusting items: | 3 | | |
| Recovery of McColl's trade receivables | | 5.4 | - |
| Refund of tax on pension surplus* | | 1.5 | - |
| Tuffnells costs | | (1.0) | (0.1) |
| Technology transformation costs | | (0.7) | (0.1) |
| Network and reorganisation costs | | (0.1) | (0.2) |
| Total adjusting items cash flow | | 5.1 | (0.4) |

* During the 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 | 2025 | 2024 |
|--|------|------|
| Issued, authorised and fully paid: | | |
| 247.7m (2024: 247.7m) ordinary shares of 5p each | 12.4 | 12.4 |

(b) Movement in share capital

| Number (m) | Ordinary shares of 5p each |
|---|-------------------------------|
| At 31 August 2024 and at 30 August 2025 | 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 | 2025 | 2024 |
|---|------|------|
| At 31 August 2024 and at 30 August 2025 | 60.5 | 60.5 |

Notes to the Accounts continued

23. Reserves

(a) Demerger reserve

| £m | 2025 | 2024 |
|---|---------|---------|
| At 31 August 2024 and at 30 August 2025 | (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 | 2025 | 2024 |
|------------------------------------|-------|-------|
| At beginning of the period | (3.7) | (4.4) |
| Acquired in the period | (1.6) | (3.3) |
| Disposed of on exercise of options | 2.4 | 4.0 |
| At end of the period | (2.9) | (3.7) |

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 30 August 2025 was 5,665,315 (2024: 8,031,253). 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 | 2025 | 2024 |
|----------------------------------|------|-------|
| At beginning of the period | 0.2 | 0.4 |
| Currency translation differences | - | (0.2) |
| At end of the period | 0.2 | 0.2 |

24. Share-based payments

The Group recognised a total charge of £1.3m (2024: £0.9m) related to equity-settled share-based payment transactions during the period. The average share price throughout the period was 58.2p (2024: 51.5p).

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.

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. Separately, key senior executives may also be granted share awards (in the form of nil cost options) under the DBP plan in respect of a (discounted) restricted share award which are dependent on continued employment with the Company.

24. Share-based payments continued

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 26 Aug 2023 | 7,960,613 | 30.38 | 800,450 | 125.3 | 9,368,088 | - | 1,221,981 | - |
| Granted | 1,603,582 | 60.80 | - | - | 2,994,040 | - | 1,389,805 | - |
| Exercised | (4,415,748) | - | - | - | (3,167,125) | - | (1,424,789) | - |
| Expired/Forfeited | (302,050) | 42.83 | (340,412) | 189.5 | (201,737) | - | (18) | - |
| At 31 Aug 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 Aug 2025 | 4,442,549 | 55.50 | - | - | 6,217,378 | - | 1,114,015 | - |
| Exercisable at 30 Aug 2025 | - | - | - | - | - | - | - | - |
| Exercisable at 31 Aug 2024 | - | - | 460,038 | 153.9 | - | - | - | - |

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

| | Sharesave | ESOS | LTIP | DBP |
|--------------------------------------|------------|----------|------------|------------|
| Outstanding at 30 August 2025 | 1.7 | - | 1.2 | 1.6 |
| Outstanding at 31 August 2024 | 1.0 | 0.3 | 1.2 | 1.6 |

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

| | Sharesave | ESOS | LTIP | DBP |
|--|-----------|------|----------|----------|
| 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 |
| During 2024: | | | | |
| Effective date of grant or commencement date | Jul 2024 | - | Dec 2023 | Dec 2023 |
| Average fair value at date of grant or scheme commencement – pence | 16.4 | - | 32.6 | 47.6 |

The options outstanding at 30 August 2025 had exercise prices ranging from nil to 49.3p (2024: nil to 48.9p). The weighted average share price on the date of exercise was 60.3p (2024: 45.4p).

Sharesave options granted during each period have been valued using the Black-Scholes model. LTIP performance measures include a 60% (2024: 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.

Notes to the Accounts continued

24. Share-based payments continued

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

| | Sharesave | LTIP | DBP |
|-------------------------------------|-----------|------|-----|
| 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 |
| 2024 options/awards: | | | |
| Share price at grant date – pence | 60.8 | 48 | 48 |
| TSR adjustment – pence | – | (25) | – |
| Exercise price – pence | 48.9 | – | – |
| Expected volatility – per cent | 69.5 | – | – |
| Expected life – years | 3 | – | – |
| Risk free rate – per cent | 3.9 | – | – |
| Expected dividend yield – per cent | 7.48 | – | – |
| Weighted average fair value – pence | 16 | 33 | 48 |

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, and have concluded that 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

| £m | Sales to related parties | |
|----------------|--------------------------|------|
| | 2025 | 2024 |
| 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 | 2025 | 2024 |
|-----------------------------|------|------|
| Salaries | 0.9 | 0.8 |
| Bonus | 0.7 | 0.6 |
| Non-executive director fees | 0.4 | 0.4 |
| | 2.0 | 1.8 |

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

There are two (2024: 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 (2024: £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 | 2025 | 2024 |
|------------------------------|------|------|
| Short-term employee benefits | 3.2 | 3.0 |
| Share-based payments | 0.9 | 0.8 |
| | 4.1 | 3.8 |

27. Subsidiary and associated undertakings

The table below summarises the interests of the Group as at 30 August 2025:

| 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 | | |
| Thailand | | | | | |
| Dawson Media Direct Company Limited 105558138385 | Ordinary Shares | 48.9% | 87 M Thai Tower, All Seasons Place, 23rd Floor, Wittayu Road, Lumpini Sub-District, Pathumwan District, Bangkok, Thailand | | |

* Audit exemption statement

For the 52 weeks ended 30 August 2025, 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 30 August 2025. The members of these companies have not required them to obtain an audit of their financial statements for the 52 weeks ended 30 August 2025.

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.

Company Balance Sheet

As at 30 August 2025

| £m | Note | 2025 | 2024 |
|--|------|---------------|----------------|
| Fixed assets | | | |
| Investments in subsidiary undertakings | 3 | 225.7 | 402.5 |
| Current assets | | | |
| Cash at bank and in hand | | 0.1 | - |
| Debtors | 4 | - | 30.6 |
| Total assets | | 225.8 | 433.1 |
| Current liabilities | | | |
| Creditors: Amounts due within one year | 5 | (30.0) | (229.8) |
| Net current liabilities | | (29.9) | (199.2) |
| Net assets | | 195.8 | 203.3 |
| Capital and reserves | | | |
| Called up share capital | 6(a) | 12.4 | 12.4 |
| Share premium account | 6(c) | 60.5 | 60.5 |
| Retained earnings | 7 | 122.9 | 130.4 |
| Total shareholders' funds | | 195.8 | 203.3 |

The result for the period was a profit of £8.6m (2024: £18.9m).

These accounts were approved by the Directors on 3 November 2025.

Signed on behalf of the Board of Directors

Jonathan Bunting
Chief Executive Officer

Paul Baker
Chief Financial Officer

Registered number – 05195191

Company Statement of Changes in Equity

For the 52 weeks ended 30 August 2025

| £m | Note | Share capital | Share premium | Retained earnings | Total |
|--|------|---------------|---------------|-------------------|--------------|
| Balance at 27 August 2023 | | 12.4 | 60.5 | 122.3 | 195.2 |
| Profit for the period and total comprehensive income | | - | - | 18.9 | 18.9 |
| Dividend paid | | - | - | (10.8) | (10.8) |
| Balance at 31 August 2024 and 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 | | 12.4 | 60.5 | 122.9 | 195.8 |

Notes to the Company balance sheet

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

Trade payables are measured at amortised cost.

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 £8.6m (2024: profit of £18.9m). There were no other recognised gains or losses. Dividends paid in the period totalled £17.4m (2024: £10.8m) (refer to Note 7 of the Group financial statements).

3. Investments in subsidiary undertakings

At 30 August 2025, the carrying value of the Company's investment in subsidiary was £225.7m (2024: £402.5m) with a cumulative impairment provision of £460.2m (2024: £282.2m*).

| £m | 2025 | 2024* |
|------------------------------|---------|-------|
| Net book value: | | |
| At beginning of the period | 402.5 | 383.6 |
| Additions* | 1.3 | - |
| Impairment (charge)/reversal | (178.1) | 18.9 |
| At end of the period | 225.7 | 402.5 |

* Note: The comparative information for 2024 has been restated for to correct the cumulative impairment from £260.4m to £282.2m which was previously misstated in error. This disclosure error has no impact on net assets or profit for the prior period. Additions relate to £1.3m invested by way of capital contribution in respect of equity settled share-based payments relating to employees of its subsidiaries.

During the period, a dividend of £186.7m was received from Smiths News Holdings Limited (the Company's immediate subsidiary) which had the impact of increasing retained earnings in the Company but lowering the net value in the subsidiary. This reduction in net value, alongside the net book value of investment versus the derived market capitalisation of the Group triggered an impairment review.

The impairment review was based on the Group's value in use adjusted for net debt, and 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 increase the previously recognised cumulative impairment of £282.2m by £178.1m representing the modelled estimate of the Group's value in use being lower than the carrying amount of the Company's investment in subsidiary largely driven by the £186.7m dividend which transferred value from the Company's subsidiary during the period.

The Company reviewed the component cash flows within the Group during the period in the light of management changes made, most notably the recruitment of a Managing Director of Recycle within the growth verticals. These components have therefore been updated to comprise Smiths News, Growth verticals (Growth), and its joint venture investment in Rascal Solutions Limited (Rascal). Dawson Media Direct group (DMD) was consolidated into Smiths News.

The Company prepares cash flow forecasts derived from the most recent three-year plan budget. 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:

| Assumptions applied | 2025 | | | 2024 | | |
|--------------------------------------|-------------|--------|--------|-------------|--------|--------|
| | Smiths News | Growth | Rascal | Smiths News | Growth | Rascal |
| Post-tax discount rate | 9.8% | 19.8% | 11.8% | 11.2% | 11.2% | 13.2% |
| Terminal value (decline)/growth rate | (3%) | 2% | 2% | 0% | 0% | 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. This, in conjunction with updating the component cash flows, resulting in moving to a terminal value decline of 3% (2024: 0%).

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.

| | Impact to carrying value Impairment £m | £m |
|-------------------|--|--------|
| Expected case | (178.1) | - |
| +1% Discount rate | (192.0) | (14.0) |
| -1% Discount rate | (161.8) | 16.3 |
| +1% TGR | (167.8) | 10.2 |
| -1% TGR | (186.8) | (8.7) |
| Scenario 1 | (206.4) | (28.4) |
| Scenario 2 | (188.1) | (10.0) |

Scenario 1 – Assumes gross profit from newspapers and magazines is reduced by 3%

Scenario 2 – Assumes profit from growth initiatives is reduced by 50%

Notes to the Company balance sheet continued

4. Debtors

| £m | 2025 | 2024 |
|---|------|------|
| Amounts owed by subsidiary undertakings | - | 30.6 |

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

5. Net current liabilities

| £m | 2025 | 2024 |
|---|--------|---------|
| Amounts owed to subsidiary undertakings | (30.0) | (229.8) |

Amounts owed to subsidiary undertakings are repayable on demand, unsecured, non-interest bearing and typically settled in cash. During the period a restructure of intercompany positions was performed. This included the receipt of an intercompany dividend of £186.7m from Smiths News Holdings Limited, a subsidiary of the Company.

6. Share capital

(a) Share capital

| £m | 2025 | 2024 |
|--|------|------|
| Issued and fully paid ordinary shares of 5p each | | |
| At 31 August 2024 and at 30 August 2025 | 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 31 August 2024 and at 30 August 2025 | 247.7 |

(c) Share premium

| £m | |
|---|------|
| At 31 August 2024 and at 30 August 2025 | 60.5 |

7. Directors' emoluments and employees

The Company engaged five (2024: 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 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 | Page 176 | 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 | Page 176 | This measure is based on business unit operating profit from continuing operations. It excludes depreciation, amortisation, adjusting items and adds back operating lease charges under accounting standards applicable in 2019 and 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 | Page 63 | 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, outflows for purchases of own shares (EBT share purchases) and cash held by the EBT. This measure reflects the cash available to the Group, which can be used for investments, dividends and the reduction of debt. |

Glossary – Alternative performance measures continued

| APM | Closest equivalent IFRS measure | Adjustments to reconcile to IFRS measure | Note/page reference for reconciliation | Definition and purpose |
|--|---|--|--|---|
| 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 | Page 63 | 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 debt is calculated as total debt less cash and cash equivalents. 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 | 2025 | 2024 |
|--|-------------|--------------|
| Net increase/(decrease) in cash and cash equivalents | 1.2 | (30.3) |
| Net decrease in borrowings | 15.9 | 23.5 |
| Movement in borrowings and cash | 17.1 | (6.8) |
| Dividend paid | 17.4 | 10.8 |
| Outflow for purchase of own shares by EBT | 1.6 | 3.3 |
| Total free cash flow | 36.1 | 7.3 |

Reconciliation of bank net cash/debt to reporting net debt

| £m | 2025 | 2024 |
|--|---------------|---------------|
| Bank net cash/(debt) | 3.3 | (11.0) |
| Unamortised arrangement fees (Note 15) | 0.4 | 0.4 |
| IFRS 16 lease liabilities (Note 17) | (30.5) | (30.9) |
| Net debt (Note 15) | (26.8) | (41.5) |

Reconciliation of adjusted operating profit to Bank EBITDA

| £m | Note | 2025 | 2024 |
|---------------------------------------|------|--------------|--------------|
| Operating profit | | 41.2 | 40.0 |
| Adjusting items | 3 | (2.1) | (0.9) |
| Adjusted operating profit | | 39.1 | 39.1 |
| Depreciation | 2 | 2.5 | 2.2 |
| Amortisation | 2 | 0.5 | 0.4 |
| Right-of-use asset depreciation | 2 | 6.5 | 5.9 |
| Adjusted EBITDA | | 48.6 | 47.6 |
| Operating lease charges | 2 | (8.3) | (8.3) |
| Exclude: Share based payments expense | 4 | 1.3 | 0.9 |
| Bank EBITDA | | 41.6 | 40.2 |

Shareholder information

Company Secretary and registered office

Stuart Marriner, Smiths News plc, Rowan House, Cherry Orchard North, Kembrey Park, Swindon, Wiltshire SN2 8UH.

Telephone 0845 128 8888.

Smiths News plc is registered in England and Wales (company number 05195191).

Shareholder enquiries may be submitted to cosec@smithsnews.co.uk

General shareholder enquiries – Registrars

Enquiries relating to shareholders, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrars EQ (formerly Equiniti) at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (telephone +44 (0)371 384 2771¹). For deaf and speech impaired customers, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information.

In addition, EQ provides a range of shareholder information online at www.shareview.co.uk (to register for this service you will need your shareholder reference number which can be found on the Proxy Form).

¹ Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

Company website

Smiths News plc's Annual Reports and results announcements are available online at www.smithsnews.co.uk. The investor zone section of our website provides a wide range of information about the Company including Annual Reports, regulatory news releases, share price data, financial calendar and a Shareholder Centre containing Annual General Meeting information and other useful shareholder information.

Annual Report and Group Financial Statements

This Annual Report and the Group Financial Statements are published on our website and have only been sent to those shareholders who have asked for a copy. Shareholders who have not requested a paper copy of the Annual Report and Financial Statements have been notified of the availability on our website.

Annual General Meeting

The 2026 Annual General Meeting will be held at Rowan House, Cherry Orchard North, Kembrey park, Swindon, Wiltshire SN2 8UH on Thursday 29 January 2026 at 11.30am.

The Notice of Annual General Meeting sets out the business to be transacted. Shareholders who wish to attend the meeting should detach the Attendance Card from the Proxy Form that they are sent and present it at the registration desk on arrival at the Annual General Meeting.

The voting results of the 2026 Annual General Meeting will be accessible at www.smithsnews.co.uk shortly after the meeting.

A paper copy of the Annual Report and Financial Statements can be obtained by writing to the Company Secretary at the address listed above or you can email your request to investor.relations@smithsnews.co.uk.

Proxy Form

Shareholders unable to attend the Annual General Meeting should complete a Proxy Form. To be effective, it must be completed and lodged with the Company's Registrars, EQ, by not later than 11.30am on Tuesday 27 January 2026.

Electronic proxy voting

You may, if you wish, register the appointment of a proxy for the Annual General Meeting electronically, by logging onto the website www.sharevote.co.uk. Full details of the procedure are given on the website. You will need to have your Proxy Form to hand when you log on as it contains information which will be required. CREST members may appoint a proxy electronically via the Company's Registrars, EQ (ID RA19). If you are an institutional investor you may alternatively be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrars. For further information regarding Proxymity, please go to www.proxymity.io. Electronic proxy voting instructions must be received by not later than 11.30am on Tuesday 27 January 2026.

Financial calendar (provisional dates)

| | |
|------------------------------------|------------------|
| Financial year end | 30 August 2025 |
| Results announced | 4 November 2025 |
| Annual Report published | 16 December 2025 |
| FY2024 Final Dividend Record Date | 9 January 2026 |
| Annual General Meeting | 29 January 2026 |
| FY2025 Final Dividend Payment Date | 5 February 2026 |
| Half-year end | 28 February 2026 |
| Interim results announced | 6 May 2026 |
| Financial year end | 29 August 2026 |
| Results announced | 4 November 2026 |

For the dates of events in the second half of the financial calendar, please check the Smiths News plc website at www.smithsnews.co.uk nearer the relevant time for further details, and to ensure that no changes have been made.

Share dealing service

The Company has arranged for Shareview Dealing, a telephone and internet share dealing service offered by EQ, to be made available to UK shareholders wishing to buy or sell the Company's shares. For telephone dealing, you may call 03456 037 037 between 8.30am and 4.30pm, Monday to Friday, and for internet dealing log on to www.shareview.co.uk/dealing. You will need your shareholder reference number shown on your share certificate.

Shareholder information continued

ShareGIFT

If you only have a small number of shares which are uneconomic to sell, you may wish to consider donating them to charity under ShareGIFT, a charity share donation scheme administered by the Orr Mackintosh Foundation. A ShareGIFT transfer form may be obtained from EQ. Further information about the scheme can be found on the ShareGIFT website at www.sharegift.org.

Warning to shareholders ('boiler room' scams)

In recent years, like many other companies, we have become aware of a small number of investors who have received unsolicited calls or correspondence, in some cases purporting to have been issued by us, concerning investment matters. These typically make claims of highly profitable opportunities in UK or US investments which, in fact, turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as 'boiler room' scams. Investors are advised to be wary of any unsolicited advice or offers to buy shares. If it sounds too good to be true, it often is.

Please see the Financial Conduct Authority website ([Protect yourself from scams | FCA](https://www.fca.org.uk)) for more detailed information about this or similar activity. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

UK Capital Gains Tax (CGT)

Rights Issue 17 December 2014

Shareholders who acquired shares

For the purposes of calculating any chargeable gains or losses, any ordinary shares you acquired as a result of the Rights Issue (at a price of 102p each) are treated as being acquired at the same time as your original holding of ordinary shares and the subscription cost added to the base cost of your original holding.

Shareholders who sold or renounced their rights or who allowed their rights to lapse

If you sold any or all of your rights to subscribe for the ordinary shares provisionally allotted to you, or if you allowed your rights to lapse and received a cash payment in respect of them, if the proceeds were 'small' as compared with the market value (on the date of sale or lapse) of your existing holding of ordinary shares in respect of which the rights arose, you will not generally be treated as making a disposal for CGT purposes. Instead, the proceeds received should be deducted from the base cost of your existing holding of ordinary shares. HMRC current practice is to regard a sum as 'small' for these purposes where either: (i) the proceeds do not exceed 5% of the market value (at the date of sale or lapse) of the ordinary shares in respect of which the rights arose; or (ii) the sum received is £3,000 or less, regardless of whether the 5% test is satisfied.

If the proceeds you received were not 'small' the sale is treated as a disposal and, in order to calculate any chargeable gains or losses, you need to apportion the original base cost of your existing holding of ordinary shares between the sale proceeds and your existing holding of ordinary shares in the ratio of the sale proceeds divided by the sale proceeds plus the market value of your existing holding of ordinary shares (on the date of sale or lapse). Further guidance can be found on the HMRC website www.gov.uk/capital-gains-tax-share-reorganisation-takeover-or-merger.

Demerger 31 August 2006

Following the demerger of new WH Smith PLC on 31 August 2006, in order to calculate any chargeable gains or losses arising on the disposal of shares after 31 August 2006, the original tax base cost of your old WH Smith PLC ordinary shares of $2^{13}/_{81}$ p (adjusted if you held your shares at 24 September 2004 and 22 May 1998 to take into account the capital reorganisations of 27 September 2004 and 26 May 1998 respectively (see below)) will have to be apportioned between the shareholdings of ordinary shares of 5p in the Company and ordinary shares of $22^6/_{67}$ p (or 20p if the disposal took place before 22 February 2008) in new WH Smith PLC in the ratio of 0.30415 and 0.69585 respectively.

Capital reorganisation 27 September 2004

If your shares result from a holding of old WH Smith PLC shares acquired on or before 24 September 2004, in order to calculate any chargeable gains or losses arising on the disposal of shares after 24 September 2004, the original tax base cost of your old WH Smith PLC ordinary shares of $55^5/_{9}$ p (adjusted if you held your shares as at 22 May 1998 to take into account the capital reorganisation of 26 May 1998 (see below)) will have to be apportioned between the shareholdings of ordinary shares of $2^{13}/_{81}$ p and 'C' shares resulting from the capital reorganisation.

The cost of your shareholding of ordinary shares of $2^{13}/_{81}$ p is calculated by multiplying the original base cost of your ordinary shares of $55^5/_{9}$ p (adjusted where necessary to take into account the capital reorganisation of 26 May 1998 referred to above) by 0.73979.

Capital reorganisation 26 May 1998

If your shares result from a holding of old WH Smith PLC shares acquired on or before 22 May 1998, in order to calculate any chargeable gains or losses arising on the disposal of shares after 22 May 1998, the original tax base cost of your old WH Smith PLC ordinary shares of 50p will have to be apportioned between the shareholdings of ordinary shares of $55^5/_{9}$ p and redeemable 'B' shares resulting from the capital reorganisation.

The cost of your shareholding of ordinary shares of $55^5/_{9}$ p is calculated by multiplying the original cost of your ordinary shares of 50p by 0.90714.

March 1982 values

If your shares result from a holding of old WH Smith PLC shares acquired on or before 31 March 1982, the tax base cost to be used in order to calculate any chargeable gains or losses arising on the disposal of shares is the 31 March 1982 base values per share as follows:

| | Arising from an original shareholding of old WH Smith PLC | |
|---|---|------------------------|
| | 'A' ordinary shares | 'B' ordinary shares |
| Ordinary shares of 5p | 26.93p | 22.25p |
| WH Smith PLC ordinary shares of 22 ⁵ / ₆₇ p | 61.62p | 50.92p |

If you have a complicated tax position, or are otherwise in doubt about your tax circumstances, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

Cautionary statement

This Annual Report 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 and statements other than statements of historical fact, 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; and war and terrorism. These forward-looking statements speak only as at the date of this document and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. 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.

The information contained within this Annual Report may be deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (as it forms part of the law of England and Wales by virtue of section 3 of the European Union (Withdrawal) Act 2018). Upon the publication of this Annual Report, this inside information is now considered to be in the public domain.



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