Reliable

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

to the members of Travis Perkins plc

1. Opinion

In our opinion:

- the financial statements of Travis Perkins plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income
- the Consolidated and parent company balance sheets;
- the Consolidated and parent company statements of changes in equity;
- the Consolidated cash flow statement;
- the related notes 1 to 35, and Parent Company notes 1 to 12 including the material accounting policy information in the respective notes.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 are 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 Financial Reporting Council's (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. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Inventory provisioning; • Recoverability of goodwill; and • Impairment of core Merchanting branches.
Materiality	The materiality that we used for the Group financial statements was £11.5 million which was determined by considering a number of different metrics used by investors and other readers of the financial statements. These included: • adjusted profit before tax from continuing operations; • revenue; and • net assets. net assets.
Scoping	The audit of the Group has been performed centrally by the group audit team, and no component auditors were engaged. We have focused our audit procedures on nine components, performing an audit of the specified account balances and transactions for Travis Perkins General Merchant, CCF, Keyline, BSS, Toolstation UK, Toolstation Benelux, Travis Perkins (Properties) Limited, TP Property Company Limited and the Parent Company. For the remaining components, we performed review at an aggregated group level to re-assess our evaluation that there were no identified risks of material misstatement in any of these components. Our audit scope covered 96% of Group revenue, 95% of Group loss before tax and 96% of Group net assets.
First-year audit transition	The year ended 31 December 2025 is our first year as auditor of Travis Perkins plc. We have been independent since December 2023 and commenced our transition activities from that date. Our work included: • Establishing a detailed audit transition plan; • Shadowing the previous auditor through the 31 December 2024 audit, including attendance at key meetings, such as with the Audit Committee; • Reviewing the previous auditor's audit files; • Holding transition workshops with key component finance and operational management, including internal audit, treasury, tax, legal and Group finance teams to inform our audit planning; and • Considering historical accounting policies and accounting judgements. These procedures built our understanding of the Group which informed our audit risk assessment, through which we identified the risks of material misstatement to the Group's financial statements.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Travis Perkins plc

4. 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's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- understanding the process and controls relevant to management's going concern model and to the preparation of forecasts used for the going concern assessment;
- evaluating the reasonableness of key assumptions within the Group's forecasts and their consistency with the Board approved strategic plan;
- evaluating the historical accuracy of forecasts prepared by management;
- assessing availability of financing facilities the existence and availability of financing facilities;
- assessing the Group's liquidity forecast and performing sensitivity analysis to assess whether there is sufficient headroom over the going concern period;
- evaluating the mitigating factors and reasonable downside scenarios identified by management in relation to their going concern analysis;
- testing the mechanical accuracy of the going concern model; and
- assessing the appropriateness of the Group's disclosure concerning the going concern basis of accounting.

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's and 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 reporting on how the Group 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.

5. 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. These matters included 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.

5.1. Inventory provisioning

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations
The Group operates as a leading distributor of building materials and a retailer of home improvement products, holding significant and diverse inventory across its various businesses, including generalist and specialist products. As at 31 December 2025 the Group's inventory balance is £666.9 million (FY24: £648.6 million), having taken account of an associated inventory obsolescence provision of £23.5 million (3.5% of gross inventory) (FY24: £29.0 million (4.5% of gross inventory)). The valuation of inventory, particularly the assessment of the inventory obsolescence, net realisable value ("NRV") and excess provisioning, is a key audit matter due to the inherent subjectivity and significant management judgement involved. The Group continues to experience challenging trading conditions in the UK, putting significant pressure on margins, especially within the core Merchanting businesses. As a result, there is a potential risk of management override and/or bias within key accounting estimates impacting adjusted operating profits. These risks relate to the use of an appropriate inventory provisioning policy in light of challenging trading conditions and any unsupportable manual adjustments made by management to the inventory provision calculation. Inventory provisioning, including associated accounting policies is included in Note 12 of the financial statements. This is also discussed in the Audit Committee's report on page 76.	To respond to this key audit matter, we have: **Understood the process and controls:** We obtained an understanding of relevant controls over inventory valuation, including the process for calculating the inventory provision. **Assessed management's methodology:** We assessed the appropriateness of management's methodology for determining the inventory obsolescence provision, including the criteria used to identify slow-moving or obsolete items (e.g., age of stock, last sale date, expected future demand), excess inventory items, inventory items held above their NRV and the appropriateness of provision rates. **Recalculated the inventory provision:** Using management's provisioning policy, we recalculated the provision to test the mathematical accuracy of the calculation and consistent application of the provisioning policy across the Group. **Tested the completeness and accuracy of inventory data:** We tested the key inputs to the provisioning calculation, to assess whether the data reconciles to the inventory sub-ledger and sales data within the Group's accounting system. We also tested a sample of inventory items by agreeing the cost to supplier invoices. **Challenged key assumptions and judgements:** We challenged the key assumptions used by management in calculating their inventory provision, with reference to historical provisioning rates and inventory write-offs. We also considered whether adjustments were necessary to reflect the challenging trading environment in addition to the Group's formula driven model. **Utilised data analytics:** With the involvement of our data analytics specialists, we tested inventory ageing reports and sales data using data analytics to identify unusual trends, significant concentrations of old stock, or items with low sales activity that may require a higher provision. We also designed this analytic to compare all inventory items cost, to recent sales invoices, to assess completeness and accuracy of the NRV provision. **Tested the disclosures:** We assessed the adequacy of the disclosures in the financial statements relating to inventory provisioning, including the accounting policies applied and, the nature of significant judgements.	Based on the audit procedures performed, we are satisfied that the valuation of the inventory obsolescence provision is reasonable. We are satisfied that the disclosures in the financial statements with respect to the inventory provision are appropriate.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Travis Perkins plc

5. Key audit matters continued

5.2. Recoverability of goodwill

Key audit matter description

The Group carries significant goodwill, primarily arising from past acquisitions. As of 31 December 2025, the total carrying value of goodwill in the Group is £720.8 million (FY24: £821.3 million), after recording goodwill impairments of £60.1 million (FY24: Nil) relating to Toolstation Benelux and £43.6 million (FY24: Nil) relating to CCF.

The recoverability of goodwill is a key audit matter due to the material value of impairment recorded in the current year, and the significant management judgement and estimation uncertainty involved in the annual impairment assessment, including compliance with IAS 36 Impairment of Assets. The Group continues to experience challenging trading conditions in the UK and Europe, putting additional pressure on margins and increasing the level of judgement and sensitivity linked to their key assumptions.

As set out in Note 28, management have fully impaired the goodwill in relation to Toolstation Benelux and CCF within the current financial year, resulting in the sensitivity of these models to changes in key assumptions being reduced, with no reasonably possible change having a material impact on impairment.

Management use a value in use (VIU) model to assess the recoverable amount of goodwill, with the Travis Perkins General Merchant and Keyline models being highly sensitive to the following key assumptions:

- Future revenue growth rates;
- Operating margins assumptions; and
- Discount rate (pre-tax WACC) applied to future cash flows.

The recoverable amount is sensitive to changes in these assumptions, given the cyclical nature of the construction and home improvement markets, and the ongoing competitive landscape. Changes to these key assumptions could have a material impact on the carrying value of the associated goodwill.

The effect of these matters results in a high degree of estimation uncertainty, with a range of reasonably possible outcomes which results in a material change to the impairment charge. The financial statements Note 9 and 28 discloses goodwill impairment and associated accounting policies, including sensitivities for the key assumptions and their impact on impairment. This is also discussed within the Audit Committee Report on page 76.

How the scope of our audit responded to the key audit matter

To respond to this key audit matter, we have:

- **Understood the process and controls:** We obtained an understanding of relevant controls over the impairment assessment process.
- **Assessed the mathematic accuracy:** Evaluated the integrity of management's VIU models, including the mathematical accuracy and consistency with IAS 36.
- **Challenged key assumptions:** We challenged key assumptions by:
  - Assessing forecasted cashflows against historical performance, approved budgets, external market forecasts, and our understanding of the business strategy.
  - Challenging revenue growth rates and operating margin assumptions by assessing the reasonableness against industry trends, economic outlook and historical performance.
  - With the involvement of our valuation specialists, independently assessing the appropriateness of the pre-tax discount rates used and determining a reasonable range of discount rates to be applied to the impairment models.
- **Performed sensitivity analysis:** We performed sensitivity analysis, on the key assumptions, using reasonably possible downside scenarios to assess the impact on the recoverable amount.
- **Assessed the trigger for impairment:** We assessed the trigger point for management identifying goodwill impairment in the current year, understanding the cause of the downturn in performance to verify whether it could not have been reasonably forecasted at the prior balance sheet date.
- **Tested the disclosures:** We assessed the adequacy of the disclosures in the financial statements relating to goodwill, including the accounting policies applied, the nature of significant judgements and estimation uncertainties, and details of any impairment losses recognised.

Key observations

We are satisfied that the judgements applied, impairment charges recorded and disclosures within the financial statements are appropriate.

5.3. Impairment of core Merchanting branches assets

Key audit matter description	How the scope of our audit responded to the key audit matter	Key observations

The Group holds a significant portfolio of Property, Plant and Equipment (PPE) and Right-of-Use Assets (ROUAs), primarily comprising its extensive network of merchant branches, retail stores, distribution centres, and administrative offices. As at 31 December 2025, the carrying value of PPE is £655.0 million (FY24: £771.1 million) and ROUAs is £512.8 million (FY24: £545.5 million).
 	
The assessment of whether these assets, referred to as branch assets, are impaired, and if so, the measurement of any impairment loss, is a key audit matter due to the material value of these assets and the significant management judgement and estimation uncertainty involved. Due to the continuation of challenging trading conditions in the UK and Benelux, the Group has identified impairment indicators, in line with IAS 36, across the branch assets in the Travis Perkins General Merchant, CCF, Keyline, BSS and Toolstation Benelux businesses. In the current year management have recorded material impairments of branch assets (PPE impairment of £75.8 million (FY24: £39.6 million), ROUA impairment of £19.7 million (FY24: £31.2 million)) highlighting the uncertainty involved in estimating the recoverable amounts of these assets.
 	
As set out in Note 28, management determines the branch assets' recoverable amount as being the higher of its fair value less costs of disposal and its value in use (VIU).
 	
The VIU is calculated through discounted cashflow models, which involve the following key assumptions, including:
• Future revenue growth rates
• Operating margins assumptions.
• Discount rate (pre-tax WACC) applied to future cash flows.
 	
The recoverable amount is sensitive to changes in these assumptions, given the cyclical nature of the construction and home improvement markets, and the ongoing competitive landscape. Changes to these key assumptions could have a material impact on the carrying value of the associated branch assets.
 	
When the carrying amount is not supported by the value in use, management determines the fair value less costs of disposal of freehold and leasehold properties when determining the recoverable amount.
 	
The effect of these matters results in a high degree of estimation uncertainty, with a range of reasonably possible outcomes which results in a material change to the impairment charge. The financial statements note 10 and 28 discloses impairment of Merchanting branches assets and associated accounting policies, including sensitivities for the key assumptions and their impact on impairment. This is also discussed within the Audit Committee Report on page 76.
	To respond to this key audit matter, we have:
	• **Understood the process and controls:** We obtained an understanding of relevant controls over the impairment assessment process, including the identification of impairment indicators and the preparation of impairment models.
	• **Challenged impairment indicators:** We assessed management's identification of impairment indicators and the timing of impairment trigger, considering both internal factors (e.g., actual performance against budget) and external factors (e.g., market conditions in the construction sector, rising interest rates, changes in property values and market rent).
	• **Assessed the mathematical accuracy:** Evaluated the integrity of management's VIU models, including the mathematical accuracy and consistency with IAS 36.
	• **Challenged key assumptions:** For branch assets where impairment indicators were identified, we challenged key assumptions by:
	  • Assessing forecasted cashflows to historical performance, approved budgets, external market forecasts, and our understanding of the business strategy.
	  • Challenging revenue growth rates and operating margin assumptions by assessing the reasonableness against industry trends, economic outlook and historical performance.
	  • With the involvement of our valuation specialists, independently assessing the appropriateness of the pre-tax discount rates used and determining a reasonable range of discount rates to be applied to the impairment models.
	• **Performed sensitivity analysis:** We performed sensitivity analysis, on the key assumptions, using reasonably possible downside scenarios to understand the impact on the recoverable amount.
	• **Assessed the trigger for impairment:** We assessed the trigger point for management identifying branch asset impairments in the current year, understanding the cause of the downturn in performance to verify whether it could not have been reasonably forecasted at the prior balance sheet date.
	• **Tested the disclosures:** We assessed the adequacy of the disclosures in the financial statements relating to branch assets, including the accounting policies applied, the nature of significant judgements and estimation uncertainties, and details of any impairment losses recognised.
		We are satisfied that the judgements applied, impairment charges recorded and disclosures within the financial statements are appropriate.
		
		Our work highlighted that there are improvements needed in the internal review process used by management in forming their estimate as to the valuation of the branch assets.

INDEPENDENT AUDITOR'S REPORT continued
to the members of Travis Perkins plc

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent Company financial statements
Materiality	£11.5 million (2024: £9.5 million as used by the predecessor auditor)	£10.3 million (2024: £7.6 million as used by the predecessor auditor)
Basis for determining materiality	We considered the following metrics in the current year: • adjusted profit before tax from continuing operations; • revenue; and • net assets. Group materiality represents: Metric / % Adjusted profit before tax from continuing operations: 12.1 Revenue: 0.3 Net assets: 0.6	We have used 3% of net assets, capped at 90% of Group materiality, as the basis for materiality.
Rationale for the benchmark applied	In determining our benchmark for materiality, we considered a number of different metrics used by investors and other readers of the financial statements: Adjusted profit before tax is reconciled to the loss before tax in note 2b of the annual report.	Due to the nature of the Company as a parent entity holding company, we consider net assets to be the most appropriate basis for materiality.

6.2. Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	65% (2024: 65% as used by the predecessor auditor) of Group materiality	60% (2024: 65% as used by the predecessor auditor) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our understanding of the entity and its environment; • our risk assessment, including our assessment of the Group's overall control environment; • change in the senior leadership team during the year; and • results of the previous years' audits performed by the predecessor auditor, including the value and quantum of corrected and uncorrected misstatements in prior periods and our expectation of the likelihood of misstatements recurring in the current period.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.55 million (2024: £0.5 million as used by the predecessor auditor), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

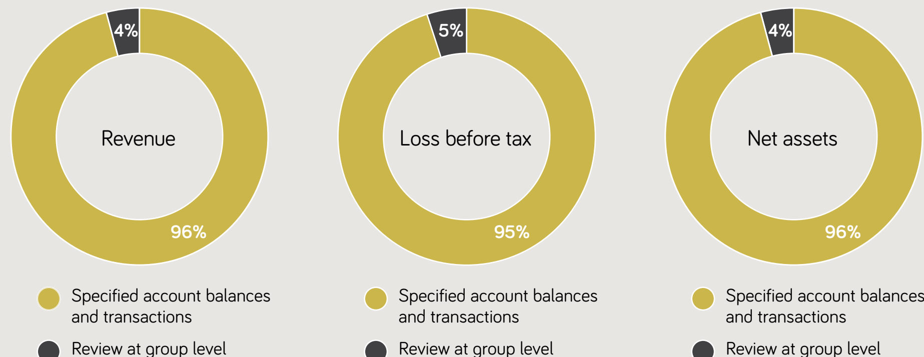
7.1. Identification and scoping of components

Our approach to scoping the Group audit was to understand the Group and its environment, including group-wide controls, implementing a risk-based approach by developing an appropriate audit plan for each significant account balance and assess the risks of material misstatement at the Group level. The Group operates over 1,400 branches across the UK and Benelux. We have focused our Group audit scope primarily on significant trading entities and Parent Company. The audit of the Group has been performed centrally by the Group engagement team.

In considering the risk profile, control environment, change in the Group leadership and scoping coverage, we have focused our audit procedures on nine components, performing an audit of the specified account balances and transactions for Travis Perkins General Merchant, CCF, Keyline, BSS, Toolstation UK, Toolstation Benelux, Travis Perkins (Properties) Limited, TP Property Company Limited and the Parent Company. For these components, we used component performance materiality levels determined on the basis of their individual financial information, which ranged from £3.7m to £6.6m (2024: £4.8m to £7.6m).

For the remaining components, we performed review at an aggregated group level to re-assess our evaluation that there were no identified risks of material misstatement in any of these components.

Our scoping and audit procedures have provided us significant coverage of the Group, representing 96% (2024: 95%) of the Group's revenue, 98% (2024: 97%) of the Group's loss before tax and 96% (2024: 94%) of the Group's net assets.



7.2. Our consideration of the control environment

The Group's operations utilise a range of information systems which underpin the financial reporting process. We identified the main enterprise resource planning (ERP) systems (Oracle, Sage, Klipboard) and other systems, including in-store transaction processing systems, warehouse management systems and the Group consolidation tool (HFM), as relevant IT systems to our audit. The Group primarily manages its IT systems centrally and therefore, we have involved IT specialists at the group level.

As a result of certain IT control deficiencies related to application user access management and management of privileged access accounts, we were not able to rely on controls over the key IT systems. We adopted a fully substantive approach to our testing, as had been planned given the significant ERP system changes occurring within the business in the previous year, and with this being our first year as auditors of the Group. The IT control improvements required are disclosed in the Audit Committee's report on page 76. As deficiencies in the control environment increase the risk of fraud and error within the financial statements, we performed additional procedures to respond to the potential risks, including increasing the scope and extent of audit procedures over information used as audit evidence, and utilised a reduced threshold for our performance materiality as set out in section six of our audit report.

As set out on page 76 and 77 of the Audit Committee Report, management are working on a programme to improve and build upon the existing controls framework, including standardisation and formalisation of controls across the Group, ahead of Provision 29 of the updated UK Corporate Governance Code 2024 becoming applicable for the Group in 2026.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Travis Perkins plc

7. An overview of the scope of our audit continued

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's businesses and its financial statements. We made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. The Group have assessed the risk and opportunities relevant to climate change, with details provided within their principal risks (as set out on page 57). The Group currently considers climate to have limited impact over their short-term planning horizon (as stated in the Sustainability Report on page 45). Our procedures have also included the following:

- assessing whether the risks identified by the Group are complete and consistent with our understanding of the Group; and
- involving our Environmental, Social and Governance ("ESG") specialist to assist in evaluating whether appropriate disclosures have been made in the financial statements with reference to the Task Force on Climate-Related Financial Disclosures ("TCFD") requirements and climate related disclosures in the notes to the financial statements.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

9. 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.

10. 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.

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

11. Extent to which the audit was considered 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 in section 10 in our audit report, 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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, IT, ESG, data analytics and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: inventory provisioning. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified Valuation of inventory provisioning as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT continued

to the members of Travis Perkins plc

13. 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 Group'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 and our knowledge obtained during the audit:

- 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 67;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 25;
- the directors' statement on fair, balanced and understandable set out on page 67;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 41;
- 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 74.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the shareholders on 14 May 2025 to audit the financial statements for the year ending 31 December 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is therefore one year.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Makrakis FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

16 March 2026

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

£m	Notes	2025	2024
Revenue	1	**4,564.6**	4,607.4
Cost of sales		**(3,372.0)**	(3,403.7)
Gross profit		**1,192.6**	1,203.7
Charge for impairment losses for trade receivables	14	**(16.4)**	(16.7)
Selling and distribution		**(797.1)**	(779.2)
Administrative expenses – other		**(259.1)**	(271.3)
Profit on disposal of properties		**9.9**	11.3
Other operating income	4	**3.5**	4.0
Adjusted operating profit		**133.4**	151.8
Administrative expenses – adjusting items	3	**(222.2)**	(139.1)
Administrative expenses – amortisation of acquisition-related intangible assets	9	**(7.8)**	(10.4)
Operating (loss)/profit	2	**(96.6)**	2.3
Finance income	6	**20.1**	11.1
Finance costs	6	**(58.2)**	(51.8)
Loss before tax		**(134.7)**	(38.4)
Adjusting items – deferred tax	3	**(27.2)**	–
Tax on adjusting items		**13.8**	29.0
Other tax		**(28.2)**	(31.2)
Total tax	7	**(41.6)**	(2.2)
Loss from continuing operations		**(176.3)**	(40.6)
Loss from discontinuing operations	8	**–**	(36.8)
Loss for the year		**(176.3)**	(77.4)

All loss for the year is attributable to the owners of the Company.

Earnings per share (note 20):

	2025	2024
Basic earnings per share		
– from continuing operations	**(83.3)p**	(19.2)p
– total	**(83.3)p**	(36.6)p
Diluted earnings		
– from continuing operations	**(83.3)p**	(19.2)p
– total	**(83.3)p**	(36.6)p
Adjusted basic earnings per share	**30.8p**	36.6p
Total dividend declared per share (note 21)	**12.0p**	14.5p

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

£m	Notes	2025	2024
Loss for the year		**(176.3)**	(77.4)
Items that will not be reclassified subsequently to profit and loss:			
Actuarial (loss)/gain on defined benefit pension schemes	18	**(4.2)**	35.1
Deferred tax credit/(charge) relating to other comprehensive income	7	**1.0**	(9.5)
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange differences on retranslation of foreign operations		**4.1**	(2.3)
Fair value (loss)/gain on cash flow hedges	27	**(5.1)**	0.4
Reclassification of cash flow hedges to profit or loss	27	**2.2**	–
Deferred tax on cash flow hedges	7	**0.9**	(0.1)
Total other comprehensive (loss)/profit for the year net of tax		**(1.1)**	23.6
Total comprehensive loss for the year		**(177.4)**	(53.8)

Total comprehensive loss for the year attributable to the owners of the Company arises from:

		2025	2024
Continuing operations		**(177.4)**	(16.9)
Discontinued operations	8	**–**	(36.9)
		(177.4)	(53.8)

All other comprehensive loss is attributable to the owners of the Company.

CONSOLIDATED BALANCE SHEET
As at 31 December 2025

£m	Notes	2025	2024
Assets			
Non-current assets			
Goodwill	9	**720.8**	821.3
Other intangible assets	9	**65.9**	86.9
Property, plant and equipment	10	**655.0**	771.1
Right-of-use assets	11	**512.8**	545.4
Non-current prepayments	14	**12.0**	15.3
Deferred tax asset	16	**–**	17.5
Derivative financial instruments	27	**1.3**	3.3
Retirement benefit asset	18	**118.1**	116.9
Total non-current assets		**2,085.9**	2,377.7
Current assets			
Inventories	12	**666.9**	648.6
Trade and other receivables	14	**630.7**	760.5
Tax debtor		**0.4**	–
Cash and cash equivalents, excluding bank overdrafts	23	**426.9**	244.4
Total current assets		**1,724.9**	1,653.5
Total assets		**3,810.8**	4,031.2
Equity and liabilities			
Capital and reserves			
Issued share capital		**23.8**	23.8
Share premium account		**545.6**	545.6
Cash flow hedge reserve	27	**0.5**	2.5
Merger reserve		**326.5**	326.5
Revaluation reserve		**8.2**	9.5
Own shares		**(3.9)**	(7.2)
Foreign exchange reserve		**10.2**	6.1
Capital redemption reserve		**1.4**	1.4
Retained earnings		**864.0**	1,065.9
Total equity	19	**1,776.3**	1,974.1

£m	Notes	2025	2024
Non-current liabilities			
Interest-bearing loans and borrowings	22	**419.4**	421.8
Lease liabilities	11	**532.7**	560.1
Derivative financial instruments	27	**3.1**	–
Deferred tax liabilities	16	**63.7**	68.3
Long-term provisions	15	**14.0**	21.6
Total non-current liabilities		**1,032.9**	1,071.8
Current liabilities			
Interest-bearing loans and borrowings	22	**7.2**	–
Lease liabilities	11	**88.7**	94.5
Overdraft	22	**–**	13.2
Derivative financial instruments	27	**0.1**	–
Trade and other payables	17	**864.2**	838.2
Short-term provisions	15	**41.4**	39.4
Total current liabilities		**1,001.6**	985.3
Total liabilities		**2,034.5**	2,057.1
Total equity and liabilities		**3,810.8**	4,031.2

The financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 16 March 2026 and signed on its behalf by:

Gavin Slark
Director

Duncan Cooper
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

£m	Share capital	Share premium	Cash flow hedge reserve	Merger reserve	Revaluation reserve	Own shares	Foreign exchange reserve	Capital redemption reserve	Retained earnings	Total equity
At 1 January 2024	23.8	545.6	2.9	326.5	10.8	(14.1)	8.4	1.4	1,135.0	2,040.3
Loss for the year	–	–	–	–	–	–	–	–	(77.4)	(77.4)
Other comprehensive income for the year net of tax	–	–	0.3	–	–	–	(2.3)	–	25.6	23.6
Total comprehensive loss for the year	–	–	0.3	–	–	–	(2.3)	–	(51.8)	(53.8)
Dividends paid	–	–	–	–	–	–	–	–	(23.2)	(23.2)
Adjustments in respect of revalued fixed assets net of tax	–	–	–	–	(1.3)	–	–	–	1.5	0.2
Sale of own shares	–	–	–	–	–	0.1	–	–	–	0.1
Own shares movement	–	–	–	–	–	6.8	–	–	(6.8)	–
Exercise of options over non-controlling interest	–	–	–	–	–	–	–	–	(1.2)	(1.2)
Equity-settled share-based payments net of tax	–	–	–	–	–	–	–	–	11.7	11.7
Reclassifications	–	–	(0.7)	–	–	–	–	–	0.7	–
At 1 January 2025	23.8	545.6	2.5	326.5	9.5	(7.2)	6.1	1.4	1,065.9	1,974.1
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(176.3)**	**(176.3)**
Other comprehensive loss for the year net of tax	**–**	**–**	**(2.0)**	**–**	**–**	**–**	**4.1**	**–**	**(3.2)**	**(1.1)**
Total comprehensive loss for the year	**–**	**–**	**(2.0)**	**–**	**–**	**–**	**4.1**	**–**	**(179.5)**	**(177.4)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28.6)**	**(28.6)**
Adjustments in respect of revalued fixed assets net of tax	**–**	**–**	**–**	**–**	**(1.3)**	**–**	**–**	**–**	**1.9**	**0.6**
Own shares movement	**–**	**–**	**–**	**–**	**–**	**3.3**	**–**	**–**	**(3.3)**	**–**
Equity-settled share-based payments net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7.6**	**7.6**
At 31 December 2025	**23.8**	**545.6**	**0.5**	**326.5**	**8.2**	**(3.9)**	**10.2**	**1.4**	**864.0**	**1,776.3**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025

£m	2025	2024
Cash flows from operating activities		
Loss before tax	**(134.7)**	(38.4)
Adjustments for:		
Depreciation of property, plant and equipment	**66.0**	79.8
Depreciation of right-of-use assets	**87.4**	96.8
Amortisation of other intangibles	**3.7**	3.6
Amortisation of acquisition-related intangibles	**7.8**	10.4
Share-based payments	**7.7**	11.7
Gain on disposal of property, plant and equipment	**(9.9)**	(11.3)
Purchase of tool hire assets	**(9.8)**	(3.8)
Finance income	**(20.1)**	(11.1)
Finance costs	**58.2**	51.8
(Increase)/decrease in inventories	**(24.5)**	63.6
Decrease/(increase) in receivables	**125.7**	(76.1)
Increase in payables	**33.9**	18.0
Adjusting items payments less than the charge	**214.7**	119.2
Cash generated from operations	**406.1**	314.2
Income taxes paid	**(21.7)**	(20.9)
Net cash inflow from continuing operating activities	**384.4**	293.3
Net cash outflow from discontinued operating activities	**(9.1)**	(15.9)
Net cash from operating activities	**375.3**	277.4

£m	2025	2024
Cash flows from investing activities		
Interest received	**11.7**	5.8
Proceeds on disposal of property, plant and equipment	**52.0**	63.0
Purchases of land and buildings	**(27.0)**	(12.3)
Purchases of other property, plant and equipment	**(46.8)**	(55.8)
Purchase/development of computer software	**(3.5)**	(4.1)
Proceeds on sale of subsidiary (note 30)	**20.8**	–
Net cash inflow/(outflow) from continuing investing activities	**7.2**	(3.4)
Net cash inflow/(outflow) from investing activities	**7.2**	(3.4)
Cash flows from financing activities		
Sale of own shares	**–**	0.1
Repayment of lease liabilities	**(95.9)**	(93.8)
Dividends paid	**(28.6)**	(23.2)
Drawdown of borrowings	**250.5**	–
Repayment of bonds	**(248.7)**	–
Interest paid and debt arrangement fees	**(31.9)**	(25.3)
Interest on lease liabilities	**(29.7)**	(29.6)
Net cash outflow used in continuing financing activities	**(184.3)**	(171.8)
Net cash outflow used in discontinued financing activities	**(2.5)**	(2.5)
Net cash used in financing activities	**(186.8)**	(174.3)
Net increase in cash and cash equivalents	**195.7**	99.7
Cash and cash equivalents at 1 January	**231.2**	131.5
Cash and cash equivalents at 31 December (note 23)	**426.9**	231.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

GENERAL INFORMATION

Overview

Travis Perkins plc is a Company incorporated in the United Kingdom, England and Wales, under the Companies Act 2006. The address of the registered office is given on page 157. The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 6 to 25.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates, and presented rounded to the nearest £100,000 unless otherwise stated.

Basis of accounting

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards.

The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101; these are presented on pages 155 to 161.

Basis of preparation

The financial statements have been prepared on the historical cost basis, except that derivatives, other financial instruments and contingent consideration arising from business combinations are stated at fair value through profit and loss and designated financial instruments are stated at fair value through other comprehensive income. The consolidated financial statements include the accounts of the Company and all entities controlled by the Company (its subsidiaries, together referred to as "the Group") from the date control commences until the date that control ceases. Control is achieved where the Company:

- Has power over the investee.
- Is exposed or has rights to a variable return from the involvement with the investee.
- Has the ability to use its power to affect its returns.

As such, the results of subsidiaries acquired are included in the consolidated income statement from the effective date of acquisition.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The results of subsidiaries accounted for in foreign currencies are translated at the average monthly exchange rate for items of profit and loss and at the closing exchange rate for balance sheet items. The exchange differences are recorded in the foreign exchange reserve.

Going concern

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual Report and Accounts. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- The Group's cash flow forecasts and revenue projections.
- The impact on trading performance of severe but plausible downside scenarios. Key assumptions include significant reductions in revenue and limited reductions in fixed overheads, as well as mitigating actions such as delayed capital expenditure, reduced overhead investment and dividends.
- The committed debt facilities available to the Group and the covenants thereon.
- The Group's debt maturity profile.
- The Group's robust policy towards liquidity and cash flow management.
- The Group's ability to successfully manage the principal risk and uncertainties outlined on pages 52 to 59 during periods of uncertain economic outlook and challenging macroeconomic conditions.

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements. The going concern assessment is not sensitive to estimates on inflation.

Material accounting policies

The principal accounting policies adopted in preparing the financial statements are provided throughout the notes to the financial statements.

Key judgements and estimates

The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments as facts and circumstances dictate.

Key judgements and estimates, including those that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are found in the following notes:

Page	Note	Description
138	18	Pension liability assumptions
148	28	Impairment reviews for goodwill and for branch assets

Those listed above are key sources of estimation uncertainty for the Group.

The notes are organised into the following sections:

Income and expenses: Provides a breakdown of individual line items in the income statement and summarises the accounting policies, judgements and estimates relevant to understanding these items.

Assets and liabilities: Provides a breakdown of individual line items in the balance sheet and summarises the accounting policies, judgements and estimates relevant to understanding these items.

Capital: Provides information about the capital management practices of the Group and shareholder returns for the year.

Risks: Discusses the Group's impairment testing and the exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.

People: Provides information about the number of people employed by the Group and associated costs.

Other: Provides information on items which require disclosure, but are not considered critical in understanding the financial performance or position of the Group.

INCOME AND EXPENSES

1. Revenue

Accounting policy

Revenue recognition

Revenue is recognised when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. Performance obligations to the customer in respect of sales of goods are satisfied on delivery or collection by customer. Payments are typically due from credit customers not later than the last day of the month following the month of delivery. Revenue is measured at the transaction price received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax. For the Group sale of services revenue comprises tool hire. Tool hire revenue is recognised under IFRS 16 – Leases.

Customer rebates

Where the Group has rebate agreements with its customers, the value of variable income with respect to customer rebates is calculated in accordance with the agreements in place so that the amount recognised as revenue in the year is based on the amount which is highly probable not to reverse.

a. Revenue

£m	2025	2024
Sale of goods	**4,403.6**	4,439.9
Sale of services	**161.0**	167.5
	4,564.6	4,607.4

All revenue arose in the UK except for £109.8m (2024: £109.1m) arising in Europe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

INCOME AND EXPENSES continued

1. Revenue continued

b. Revenue reconciliation and like-for-like sales

£m	Merchanting	Toolstation	Total
2024 revenue	3,786.3	821.1	4,607.4
Network change	(48.1)	(6.8)	(54.9)
Trading days	(24.6)	(2.1)	(26.7)
2024 like-for-like revenue	3,713.6	812.2	4,525.8
Like-for-like change	(4.7)	19.7	15.0
2025 like-for-like revenue	3,708.9	831.9	4,540.8
Network change	13.3	10.5	23.8
2025 revenue	3,722.2	842.4	4,564.6
Like-for-like revenue (decline)/growth	(0.1%)	2.4%	0.3%
Total revenue (decline)/growth	(1.7%)	2.7%	(0.9%)

Like-for-like sales are a measure of underlying sales performance for two successive periods. Branches and stores contribute to like-for-like sales once they have been trading for more than 12 months. Revenue included in like-for-like is for the equivalent times in both years being compared. When branches close, revenue is excluded from the prior year figures for the months equivalent to the post-closure period in the current year. The network change adjustment removes the impact of branches opened or closed within the last 12 months and the trading days adjustment removes the impact of different numbers of working days in the year in order to make the periods comparable.

2. Profit

a. Operating profit

£m	2025	2024
Operating (loss)/profit	**(96.6)**	2.3
Adjusting items (note 3)	**222.2**	139.1
Amortisation of acquisition-related intangible assets	**7.8**	10.4
Adjusted operating profit	**133.4**	151.8
Less: profit on disposal of properties	**(9.9)**	(11.3)
Adjusted operating profit excluding property profits	**123.5**	140.5

During the year the Group recognised a loss on the disposal of plant and equipment of £0.6m (2024: Gain of £0.8m).

b. Adjusted profit

£m	2025	2024
Loss before tax	**(134.7)**	(38.4)
Adjusting items (note 3)	**222.2**	139.1
Amortisation of acquisition-related intangible assets	**7.8**	10.4
Adjusted profit before tax	**95.3**	111.1
Total tax	**(41.6)**	(2.2)
Adjusting tax charge (note 3)	**27.2**	–
Tax on adjusting items	**(13.8)**	(29.0)
Tax on amortisation of acquisition-related intangible assets	**(1.9)**	(2.6)
Adjusted profit after tax	**65.2**	77.3

Adjusted profit excludes adjusting items and amortisation of acquisition-related intangible assets.

3. Adjusting items

Accounting policy

Adjusting items are those items of income and expenditure that, individually or in aggregate, by reference to the Group, are material in size and unusual in nature or incidence and that in the judgement of the Directors should be disclosed separately on the face of the financial statements (or in the notes in the case of a segment) to ensure both that the reader has a clear understanding of the Group's underlying financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as adjusting items include, but are not limited to, significant one-year or multi-year restructuring programmes, onerous contracts, write-downs or impairments of assets, the costs of acquiring and integrating businesses, gains or losses on disposals of businesses and investments, re-measurement gains or losses arising from changes in the fair value of derivative financial instruments to the extent that hedge accounting is not achieved or is not effective, pension scheme curtailment gains and the effect of changes in corporation tax rates on deferred tax balances.

a. Adjusting operating items

£m	2025	2024
Merchanting impairments (note 28)	**111.0**	62.7
Toolstation Europe impairment and restructuring	**98.6**	–
Restructuring	**12.4**	43.7
Staircraft impairment and disposal	**3.0**	32.7
Adjustments to prior year adjusting operating items	**(2.8)**	–
	222.2	139.1

Merchanting impairments

The 2025 full branch-level impairment review identified 196 branches where the carrying value of the branch's assets was above the value of the discounted future cash flows generated from those assets. The total impairment recognised in relation to these branches is £67.4m (2024: £62.7m). In the majority of cases the branches are expected to deliver a positive contribution in 2026 with the vast majority delivering a positive contribution in the future, based on cautious financial planning assumptions. An impairment of £43.6m has been recognised following the annual impairment review of the CCF business as a result of challenging trading conditions in its markets, for more information refer to note 28.

Toolstation Europe

The Toolstation Europe impairment charge relates to the write-down of goodwill, property and right-of-use assets in the Toolstation Benelux business by £105.5m (note 28). The Toolstation Europe restructuring charge relates to restructuring costs in Toolstation Benelux and adjustments in respect of redundancy provisions and gains on the early exit of leases related to Toolstation France recognised in the previous year resulting in a release of £6.9m.

Restructuring

The restructuring charge of £12.4m relates to severance payments made as a result of headcount reductions, with these roles being in central functions or regional support teams. In 2024 there were £43.7m of adjusting items related to central and regional restructuring, supply chain consolidation and the closure of 39 standalone Benchmarx branches.

Staircraft

The Staircraft business was sold during the year for consideration of £20.8m and resulted in a loss on disposal of £3.0m. For more information refer to note 30. In 2024 an impairment charge of £32.7m was recognised in respect of the annual impairment review of the Staircraft business.

Adjustments to prior year adjusting operating items

The adjustments to prior year adjusting items relates to the release of property and stock provisions recognised as adjusting in prior periods.

b. Adjusting tax

The adjusting tax charge of £27.2m arises principally from the derecognition of the deferred tax asset relating to the tax losses generated by the Group's Toolstation Netherlands business (£20.2m) as the recognition criteria of IAS 12 – Income Taxes are not met. See note 28 for further information on the forecast cash flows of this business. The remaining charge is a prior year adjustment relating to deferred tax on the tax treatment of prior year adjusting items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

INCOME AND EXPENSES continued

4. Other operating income and auditor's remuneration

a. Other operating income

Other operating income of £3.5m (2024: £4.0m) relates to external rental income from the lease of ex-trading properties and surplus units in trade parks owned by the Group to external tenants.

b. Auditor's remuneration

During the year the Group incurred the following costs for services provided by the Company's auditor:

£m	2025	2024
Fees payable to the Company's auditor for audit services:		
Audit of the Company's annual accounts	**1.3**	0.5
Audit of the Company's subsidiaries	**1.5**	2.2
Additional fees payable for the prior period audit	**1.4**	0.4
Fees paid to the Company's auditor for other services:		
Audit-related assurance services	**0.1**	0.1
	4.3	3.2

The 2025 fees were payable to Deloitte LLP, with the exception of the additional fees payable for the prior period audit which were payable to the Group's previous auditor, KPMG LLP. All 2024 fees were payable to KPMG LLP.

A description of the work of the Audit Committee is set out in the Audit Committee report on pages 74 to 77 and includes an explanation of how auditor objectivity and independence is safeguarded when the auditor provides non-audit services.

5. Business segments

The operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"), which is considered to be the Board, to assess performance and allocate capital.

Both operating segments sell building materials to a wide range of customers, none of which are dominant, and operate predominantly in the United Kingdom. The Merchanting segment sells building materials at prices specifically negotiated with customers, with variation in the products offered in each branch. The Toolstation segment includes both the UK and Benelux business, and sells building materials at a fixed price, with a fixed range in each store.

Segmental operating profit represents the result of each segment without allocation of certain central costs, finance costs and tax. Segmental adjusted operating profit is the result of each segment before adjusting items, the amortisation of acquisition-related intangible assets and property profits. Unallocated segment assets and liabilities comprise financial instruments, current and deferred tax, cash, borrowings and pension scheme assets and liabilities.

For the purposes of monitoring segment performance and allocating resources between segments, the Group's leadership team monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates, other financial assets (except for trade and other receivables) and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

a. Segment information

	2025			
£m	Merchanting	Toolstation	Unallocated	Consolidated
Revenue	3,722.2	842.4	–	4,564.6
Operating profit/(loss)	2.9	(68.4)	(31.1)	(96.6)
Amortisation of acquisition-related intangible assets	5.4	2.4	–	7.8
Adjusting items	123.2	99.0	–	222.2
Less property profits	(9.9)	–	–	(9.9)
Segmental adjusted operating profit	121.6	33.0	(31.1)	123.5
Adjusted operating margin	3.3%	3.9%	–	2.7%
Average capital employed	2,056.0	480.5	(16.3)	2,520.2
Segmental return on capital employed	5.9%	6.9%		
Segment assets	2,626.0	617.6	567.2	3,810.8
Segment liabilities	(1,129.9)	(385.1)	(519.5)	(2,034.5)
Consolidated net assets	1,496.1	232.5	47.7	1,776.3
Capital expenditure excluding property	45.2	15.0	–	60.2
Depreciation of fixed assets and software amortisation	47.6	22.1	–	69.7
Depreciation of right-of-use assets	55.0	32.4	–	87.4

£m	2024 Merchanting	Toolstation	Unallocated	Consolidated
Revenue	3,786.3	821.1	–	4,607.4
Operating profit	19.5	12.0	(29.2)	2.3
Amortisation of acquisition-related intangible assets	7.6	2.8	–	10.4
Adjusting items	132.6	6.5	–	139.1
Less property profits	(11.3)	–	–	(11.3)
Segmental adjusted operating profit	148.4	21.3	(29.2)	140.5
Adjusted operating margin	3.9%	2.6%	–	3.0%
Average capital employed	2,232.5	564.3	12.4	2,809.2
Segmental return on capital employed	6.6%	3.8%		
Segment assets	2,888.0	726.6	416.6	4,031.2
Segment liabilities	(1,165.3)	(380.9)	(510.9)	(2,057.1)
Consolidated net assets	1,722.7	345.7	(94.3)	1,974.1
Capital expenditure excluding property	51.4	12.6	–	64.0
Depreciation of fixed assets and software amortisation	75.3	18.5	–	93.8
Depreciation of right-of-use assets	67.4	29.4	–	96.8

b. Unallocated segment assets and liabilities

Unallocated segment assets and liabilities comprise the following:

£m	2025	2024
Assets		
Financial instruments	**1.3**	3.3
Property, plant and equipment	**8.7**	16.5
Cash and cash equivalents	**426.9**	244.4
Retirement benefit surplus	**118.1**	116.9
Unallocated corporate assets	**11.7**	18.0
Tax debtor	**0.5**	–
Deferred tax asset	**–**	17.5
	567.2	416.6
Liabilities		
Financial instruments	**(3.2)**	–
Deferred tax liabilities	**(63.7)**	(68.3)
Interest-bearing loans, borrowings and loan notes	**(426.6)**	(435.0)
Unallocated corporate liabilities	**(26.1)**	(7.6)
	(519.6)	(510.9)

Non-current assets with a carrying value of £nil (2024: £101.8m) owned by the Toolstation Europe businesses are located in foreign countries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

INCOME AND EXPENSES continued

6. Net finance costs

£m	2025	2024
Items in the nature of interest:		
Interest on bonds and other loans	**(24.6)**	(17.1)
Interest on bank facilities and overdrafts	**(1.8)**	(2.0)
Other interest	**–**	(1.8)
Other finance costs:		
Amortisation of issue costs of bank loans	**(1.5)**	(1.3)
Remeasurement:		
Net loss on remeasurement of derivatives at fair value	**(0.6)**	–
Lease interest:		
Property	**(26.1)**	(26.5)
Equipment	**(3.6)**	(3.1)
Finance costs	**(58.2)**	(51.8)
Items in the nature of interest:		
Interest receivable	**11.7**	6.0
Remeasurement:		
Net gain on remeasurement of derivatives at fair value	**–**	0.8
Gain on remeasurement of foreign exchange	**0.7**	–
Interest income – pension scheme	**6.4**	4.3
Gain on the repurchase of debt	**1.3**	–
Finance income	**20.1**	11.1
Net finance costs	**(38.1)**	(40.7)

The Group's interest cover covenants are calculated using those items of finance income and finance cost that are in the nature of interest, including interest on lease liabilities. In 2025 these were in total £43.1m (2024: £44.5m).

Net finance costs relating to discontinued operations are £nil (2024: £0.4m).

7. Tax

Accounting policy

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. This is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

a. Tax charge in the income statement

£m	2025	2024
Current tax:		
Current year	**31.2**	34.9
Prior year	**(9.9)**	0.6
Total current tax	**21.3**	35.5
Deferred tax:		
Current year	**3.4**	(32.8)
Prior year	**16.9**	(0.5)
Total deferred tax	**20.3**	(33.3)
Total tax charge	**41.6**	2.2

The total tax charge in 2025 includes a credit of £13.8m relating to costs recognised as adjusting items (2024: £29.0m) and an adjusting tax charge of £27.2m (2024: £nil), which is detailed in note 3.

The prior year adjustments on the previous page include a reclassification of a tax credit of approximately £8.5m from deferred tax to current tax. This reclassification relates to the treatment of prior year adjusting items on the impairment of right-of-use assets.

The differences between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax for the Group is as follows:

	2025		2024	
	£m	%	£m	%
Loss before tax	**(134.7)**		(38.4)	
Tax at the UK corporation tax rate	**(33.7)**	**25.0**	(9.6)	25.0
Tax effect of expenses/credits that are not deductible/taxable	**1.2**		1.2	
Depreciation of non-qualifying property	**11.9**		3.4	
Share-based payments	**1.8**		2.7	
Losses	**29.6**		1.8	
Property profits	**(2.0)**		(3.0)	
Impairment	**25.8**		5.6	
Prior period adjustment	**7.0**		0.1	
Tax expense and effective tax rate for the year	**41.6**	**(30.9)**	2.2	(5.7)

b. Tax charge in the statement of comprehensive income

The following amounts relating to tax have been recognised in other comprehensive income:

£m	2025	2024
Items that may be reclassified:		
Deferred tax credit/(charge) on cash flow hedge	**0.9**	(0.1)
Items that may not be reclassified:		
Deferred tax credit/(charge) on actuarial movement	**1.0**	(9.5)
Income tax credit/(charge) relating to other comprehensive income	**1.9**	(9.6)

c. Tax credited directly to equity

The following amounts of tax have been recognised in equity:

£m	2025	2024
Deferred tax:		
Revaluation reserve	**0.6**	0.2
Share-based payments	**(0.1)**	0.1
	0.5	0.3

8. Discontinued operations

During 2024 the Group ceased the operations of its Toolstation France business. As this business represented a separate geographical area of operation and was a major proportion of the Group's loss for the year, the Group concluded that it met the definition of a discontinued operation in IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. Accordingly its results were presented as those of discontinued operations.

a. Results of discontinued operations

£m	2025	2024
Revenue	**–**	16.3
Gross profit	**–**	8.2
Operating expenses	**–**	(44.6)
Net finance costs	**–**	(0.4)
Loss before tax and loss from discontinuing operations	**–**	(36.8)

The loss before tax in 2024 of £36.8m included costs of £22.2m relating to the closure of the business. There were no significant profit or loss transactions related to the Toolstation France business in 2025 and therefore no results from discontinued operations have been presented. Provisions of £8.0m have been released primarily following the early exit of leases and former colleagues leaving the social plan and have been presented in adjusting items.

b. Cash flows relating to discontinued operations

£m	2025	2024
Net cash outflow from operating activities	**(9.1)**	(15.9)
Net cash used in financing activities	**(2.5)**	(2.5)
Net cash flows for the year for discontinued operations	**(11.6)**	(18.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES

9. Goodwill and other intangible assets

Accounting policy

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. All material intangible fixed assets obtained on acquisition have been recognised separately in the financial statements. Goodwill is initially recognised as an asset and allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination and is then reviewed at least annually for impairment. Any impairment is recognised immediately in the income statement and is not reversed. Goodwill is accordingly stated in the balance sheet at cost less any provisions for impairment in value. Intangible assets identified as part of the assets of an acquired business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

a. Goodwill by reportable segment

£m	Merchanting	Toolstation	Total
At 1 January 2024	684.8	163.1	847.9
Impairment	(23.8)	–	(23.8)
Effect of movement in exchange rates	–	(2.8)	(2.8)
At 1 January 2025	**661.0**	**160.3**	**821.3**
Impairment	**(43.6)**	**(60.1)**	**(103.7)**
Effect of movement in exchange rates	**–**	**3.2**	**3.2**
At 31 December 2025	**617.4**	**103.4**	**720.8**

b. Other intangible assets

Accounting policy

Intangible assets are amortised to the income statement on a straight-line basis over a maximum of 20 years except where they are considered to have an indefinite useful life. In the latter instance, they are reviewed annually for impairment.

The directly attributable costs incurred for the development of computer software controlled by and for use within the business are capitalised and written off over their estimated useful life, which ranges from three to ten years. Interfaces are amortised over the lower of the remaining estimated useful lives of the systems they operate between. Costs relating to research, maintenance and training are expensed as they are incurred.

Amounts paid to third parties in respect of the development of software and other intangible assets not controlled by the Group are expensed over the period where the Group receives the service. The cost of configuring and customising software is treated as a prepayment and recognised over the period the Group benefits from the implemented software only if the configuration and customisation service is not distinct from the provision of the software itself. Licence fees for using third-party software are expensed over the period the software is in use.

Acquired customer relationships are amortised over their estimated useful lives, which range from five to 15 years. No amortisation is charged on computer software under construction.

£m	Brand	Computer software	Customer relationships	Total
Cost or valuation				
At 1 January 2024	148.5	112.4	151.6	412.5
Additions	–	4.1	–	4.1
Transfers from property, plant & equipment	–	0.6	–	0.6
Disposals	–	(0.5)	–	(0.5)
At 1 January 2025	148.5	116.6	151.6	416.7
Additions	–	3.5	–	3.5
Transfers from property, plant & equipment	–	2.5	–	2.5
Disposals	–	(0.6)	(9.4)	(10.0)
At 31 December 2025	**148.5**	**122.0**	**142.2**	**412.7**
Amortisation				
At 1 January 2024	76.0	102.7	133.9	312.6
Charged on acquisition-related intangibles	2.3	–	8.1	10.4
Charged on internally generated intangibles	–	3.6	–	3.6
Impairment	–	–	3.4	3.4
Disposals	–	(0.2)	–	(0.2)
At 1 January 2025	78.3	106.1	145.4	329.8
Charged on acquisition-related intangibles	2.0	–	5.8	7.8
Charged on internally generated intangibles	–	3.7	–	3.7
Transfers from property, plant & equipment	–	0.5	–	0.5
Impairment	10.2	4.3	–	14.5
Disposals	–	(0.5)	(9.0)	(9.5)
At 31 December 2025	**90.5**	**114.1**	**142.2**	**346.8**
Net book value				
At 31 December 2024	70.2	10.5	6.2	86.9
At 31 December 2025	**58.0**	**7.9**	**–**	**65.9**

Where a brand has not been established for a significant period of time the Directors do not have sufficient evidence to support a contention that it will have an indefinite useful life. Accordingly for Toolstation the Directors have decided it is appropriate to amortise their brand costs over their estimated useful lives. The useful lives of those brands being amortised is 20 years.

The Directors consider that the BSS brand, which is a leading brand in its sector with significant history and significant growth prospects, has an indefinite useful life. It is reviewed annually for impairment; details of impairment tests are shown in note 28.

c. Cash-generating units

The Directors consider that each branch or distribution network in the Group is an individual cash-generating unit ("CGU"). Goodwill and intangible fixed assets with indefinite useful lives have been allocated for impairment testing purposes to groups of individual CGUs within the same brand. The following table analyses goodwill and intangible fixed assets with indefinite useful lives by CGU grouping.

£m	**2025**			2024		
CGU grouping	**Intangibles**	**Goodwill**	**Total**	Intangibles	Goodwill	Total
Merchanting						
Travis Perkins	**–**	**482.6**	**482.6**	–	482.6	482.6
Keyline	**–**	**100.2**	**100.2**	–	100.2	100.2
CCF	**–**	**–**	**–**	–	43.6	43.6
BSS Industrial	**49.3**	**26.8**	**76.1**	49.3	26.8	76.1
TF Solutions	**–**	**7.8**	**7.8**	–	7.8	7.8
Toolstation						
Toolstation UK	**–**	**103.4**	**103.4**	–	103.4	103.4
Toolstation Benelux	**–**	**–**	**–**	–	56.9	56.9
	49.3	**720.8**	**770.1**	49.3	821.3	870.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

10. Property, plant and equipment

Accounting policy

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

- Buildings – 50 years or, if lower, the estimated useful life of the building or the life of the lease
- Leasehold improvements – the life of the lease
- Plant and equipment – 4 to 10 years
- Freehold land is not depreciated

The estimated useful lives are estimated taking into consideration the potential impact of climate change. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds net of expenses and the carrying amount of the asset in the balance sheet and is recognised in the income statement. Where appropriate, the attributable revaluation reserve remaining in respect of properties revalued prior to the adoption of IFRS is transferred directly to retained earnings.

£m	Freehold	Long leasehold	Leasehold improvements	Plant and equipment	Total
Cost or deemed cost					
At 1 January 2024	487.0	51.2	221.5	740.9	1,500.6
Additions	9.6	–	32.5	28.4	70.5
Disposals	(15.8)	(4.7)	(11.4)	(45.4)	(77.3)
Reclassifications	30.5	2.2	(45.1)	18.4	6.0
Effect of movements in exchange rates	–	–	–	(0.7)	(0.7)
At 1 January 2025	**511.3**	**48.7**	**197.5**	**741.6**	**1,499.1**
Additions	21.5	4.4	13.4	46.0	85.3
Disposals	(52.1)	(3.0)	(1.4)	(51.0)	(107.5)
Reclassifications	17.1	1.3	(18.2)	(0.2)	–
Transfers to intangibles	–	–	–	(2.5)	(2.5)
Effect of movements in exchange rates	–	–	–	1.1	1.1
At 31 December 2025	**497.8**	**51.4**	**191.3**	**735.0**	**1,475.5**

£m	Freehold	Long leasehold	Leasehold improvements	Plant and equipment	Total
Accumulated depreciation					
At 1 January 2024	61.9	13.4	84.7	492.2	652.2
Charged in the year	6.7	1.0	12.6	59.5	79.8
Disposals	(5.1)	(1.4)	(0.4)	(42.1)	(49.0)
Impairments	–	–	11.9	27.7	39.6
Reclassifications	14.8	0.3	5.5	(14.6)	6.0
Effect of movements in exchange rates	–	–	–	(0.6)	(0.6)
At 1 January 2025	**78.3**	**13.3**	**114.3**	**522.1**	**728.0**
Charged in the year	4.8	0.7	11.8	48.7	66.0
Disposals	(5.3)	(1.2)	(1.4)	(41.5)	(49.4)
Impairments	34.1	–	6.2	35.5	75.8
Transfers to intangibles	–	–	–	(0.5)	(0.5)
Effect of movements in exchange rates	–	–	–	0.6	0.6
At 31 December 2025	**111.9**	**12.8**	**130.9**	**564.9**	**820.5**
Net book value					
At 31 December 2024	433.0	35.4	83.2	219.5	771.1
At 31 December 2025	**385.9**	**38.6**	**60.4**	**170.1**	**655.0**

Included within freehold property is land with a value of £229.7m (2024: £227.5m), which is not depreciated, and property let to external tenants with a net book value of £56.5m (cost of £62.9m and accumulated depreciation of £6.4m) (2024: net book value £55.7m, cost £61.7m, accumulated depreciation £6.0m). Included within property, plant and equipment is £11.7m (2024: £17.5m) in respect of assets under construction, which are not depreciated. No assets are pledged as security for the Group's liabilities except for freehold property with a net book value of £11.9m (2024: £12.0m) pledged as security to one of the Group's defined benefit pension schemes.

11. Leases

Accounting policy

Identifying a lease

At the inception of a contract, the Group assesses whether a contract contains a lease. At inception the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices except for fleet leases for which the Group does not separate non-lease components and accounts for the lease and non-lease components as a single lease component.

Recognition exceptions

The Group takes the lease recognition exemption for leases with a lease term of 12 months or less and containing no purchase options and leases where the underlying asset has a low value when new. Payments associated with short-term leases and 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 mainly IT equipment, vending machines and paint-mixing machines.

Lease terms

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility. The Group has applied judgement to determine the lease term for some lease contracts that includes renewal options and break clauses. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For property leases the most relevant is normally the profitability of the leased branch or warehouse and future plans for the business. If there are significant penalties to terminate or not extend, the Group is typically reasonably certain to not terminate or extend.

Lessee accounting

Initial measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined and otherwise at the incremental borrowing rate.

Subsequent measurement

After lease commencement, the Group measures right-of-use assets at cost less accumulated depreciation and accumulated impairment.

The lease liability is subsequently remeasured to reflect changes in the lease term, the assessment of a purchase option and future lease payments resulting from a change in an index or a rate used to determine those payments. The remeasurements are matched by adjustments to the right-of-use asset. Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. Estimated useful lives are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Dilapidations

The Group recognises provisions for the cost of reinstating certain Group properties at the end of their lease term. These are recognised either as part of the right-of-use asset where applicable, or directly to the profit or loss for costs related to wear and tear.

Sale and leaseback transactions

If an asset transfer satisfies the requirements of IFRS 15 – Revenue from Contracts with Customers to be accounted for as a sale, the Group measures the right-of-use asset at the proportion of the previous carrying amount that relates to the right-of-use retained. Accordingly, the Group only recognises the amount of gain or loss that relates to the rights transferred to the buyer.

a. Amounts recognised in the balance sheet

All right-of-use assets relate to land and buildings except for £53.2m in respect of plant and equipment (2024: £58.4m). Additions to right-of-use assets in 2025 were £90.1m (2024: £152.1m).

Lease liability maturity analysis – contractual undiscounted cash flows:

£m	2025	2024
Less than one year	**121.9**	119.9
One to five years	**363.4**	369.3
More than five years	**315.1**	336.2
Total undiscounted lease liabilities at 31 December	**800.4**	825.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

11. Leases continued

b. Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

£m	2025	2024
Expense relating to short-term leases	3.7	4.4
Expense relating to leases of low-value assets	3.2	3.5
Impairment of right-of-use assets	19.7	31.2

An impairment right-of-use assets has been recognised with respect to land and buildings of £19.7m (2024: £17.9m) and plant and equipment of £nil (2024: £13.3m). Total depreciation of right-of-use assets of £87.4m (2024: £96.8m) represents £73.3m in respect of land and buildings (2024: £83.6m) and £14.1m in respect of plant and equipment (2024: £13.2m). The total cash outflow for leases in 2025 was £128.1m (2024: £131.3m).

The Group's profit on the disposal of properties includes £7.4m (2024: £7.2m) arising from sale and leaseback transactions. Cash proceeds of £35.1m (2024: £43.1m) were received as a result of these transactions.

c. The Group's leasing activities

The Group leases various properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included in a number of property and equipment leases across the Group and are used to provide operational flexibility.

The Group routinely enters into sale and leaseback transactions as part of its property management and investment strategy. The requirement of IFRS 16 – Leases to, in transfers that are accounted for as a sale, only recognise the amount of any gain or loss that relates to the rights transferred to the buyer-lessor, results in differences between the recognition of cash proceeds from the disposal of property, plant and equipment and the recognition of profit from these disposals.

d. The Group as lessor

The Group leases a number of ex-trading properties and surplus units in trade parks owned by the Group to third parties. At the balance sheet date, the Group had contracts with lessees for the following undiscounted future minimum lease payments:

£m	2025	2024
Within one year	4.8	4.7
One to two years	7.5	8.3
Two to three years	6.4	7.5
Three to four years	3.3	3.5
Four to five years	2.1	2.1
After five years	5.6	5.0
	29.7	31.1

12. Inventories

Accounting policy

Inventories, which consist of goods for resale, are stated at the lower of average weighted cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less the estimated costs of disposal.

£m	2025	2024
Inventories	666.9	648.6

Inventories are stated net of inventory provisions of £23.5m (2024: £29.0m).

The cost of inventories recognised as an expense in 2025 was £3,276.4m (2024: £3,328.9m). A credit of £5.5m (2024: charge of £5.2m) was recognised as a result of the movement of provisions against inventory.

13. Supplier income

Accounting policy

Supplier income comprises fixed price rebates, volume rebates and customer sales support.

Fixed price and volume rebates received and receivable are initially deducted from the cost of inventory and therefore reduce cost of sales when the goods are sold. The cost of inventory held on the balance sheet reflects the impact of these rebates.

The Group receives customer sales support payments that are made entirely at the supplier's option, that are requested by the Group when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade payables when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in other receivables in the balance sheet.

Supplier income balances included within the Group balance sheet are as follows:

£m	2025	2024
Other receivables	**96.4**	99.0
Trade payables	**89.1**	73.0
Inventories	**(59.3)**	(53.0)
Net balance sheet position	**126.2**	119.0

14. Trade and other receivables

Accounting policy

Trade and other receivables

The Group's trade and other receivables at the balance sheet date comprise principally amounts receivable from the sale of goods, amounts due in respect of rebates in relation to unbilled work in progress and sundry prepayments.

Impairment of financial assets

Trade and other receivables are subject to the expected credit loss model in IFRS 9 – Financial Instruments. The Group applies the IFRS 9 – Financial Instruments simplified approach to measuring expected credit losses. This 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 and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and the commencement of legal proceedings. A receivable is classified as credit impaired when it exceeds 120 days overdue or when the debtor enters administration or liquidation or is subject to other legal proceedings.

£m	2025	2024
Current:		
Trade receivables	**515.6**	598.1
Allowance for doubtful debts	**(32.6)**	(29.8)
	483.0	568.3
Other receivables	**105.0**	111.8
Prepayments	**26.7**	33.7
Accrued income	**16.0**	46.7
Total current trade and other receivables	**630.7**	760.5
Non-current:		
Prepayments	**12.0**	15.3
Total non-current trade and other receivables	**12.0**	15.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

14. Trade and other receivables continued

The Directors consider that the only class of asset containing material credit risk is trade receivables. The average credit term taken for sales of goods is 56 days (2024: 59 days). No interest is charged on the trade receivable from the date of the invoice until the date the invoice is classified as overdue according to the trading terms agreed between the Group and the customer. Thereafter, the Group retains the right to charge interest at 4% p.a. (2024: 4%) above the clearing bank base rate on the outstanding balance.

Movement in the allowance for doubtful debts

£m	2025	2024
At 1 January	**29.8**	21.5
Amounts written off during the year	**(13.6)**	(8.4)
Charge for impairment losses for trade receivables	**16.4**	16.7
At 31 December	**32.6**	29.8

Expected credit loss assessment

Loss rates are based on actual credit loss experience over the past ten years and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2025.

£m	Gross carrying amount	Weighted average loss rate	Net loss allowance	Credit impaired
Current (not past due)	**408.7**	**0.8%**	**(2.7)**	**No**
Days overdue:				
1–30	**46.9**	**6.4%**	**(2.5)**	**No**
31–60	**20.3**	**14.1%**	**(2.4)**	**No**
61–90	**3.3**	**22.8%**	**(0.6)**	**No**
91–120	**1.7**	**41.5%**	**(0.6)**	**No**
More than 120	**34.7**	**82.5%**	**(23.8)**	**Yes**
	515.6		**(32.6)**	

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2024.

£m	Gross carrying amount	Weighted average loss rate	Net loss allowance	Credit impaired
Current (not past due)	530.7	0.8%	(3.7)	No
Days overdue:				
1–30	24.2	7.2%	(1.5)	No
31–60	8.5	19.7%	(1.4)	No
61–90	3.9	28.0%	(0.9)	No
91–120	1.4	53.3%	(0.6)	No
More than 120	29.4	88.6%	(21.7)	Yes
	598.1		(29.8)	

15. Provisions

Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation because 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 Directors' best estimate of the expenditure required to settle the obligation at the balance sheet dates, and are discounted to present value.

Should a provision ultimately prove to be unnecessary then it is credited back into the income statement. Where the provision was originally established as an adjusting item, any significant release is shown as an adjusting credit.

The Group has a number of vacant and partly sublet leased properties. Where necessary a provision has been made for the residual commitments, after taking into account existing and anticipated subtenant arrangements. The Group recognises provisions for the cost of reinstating certain Group properties at the end of their lease term, based on the conditions set out in the terms of the individual leases. The timing of the outflows will match the ends of the relevant leases, which range from two to 25 years.

It is Group policy to self-insure using policies with a high excess against claims arising in respect of damage to third party assets, or due to employers or public liability claims. Whilst the Group does not have a contractual right to defer payment, the nature of insurance claims means they may take some time to be settled. The insurance claims provision represents management's best estimate, based upon external advice of the value of outstanding claims against it where the final settlement date is uncertain, in line with IAS 37.

£m	Property	Insurance	Restructuring	Total
At 1 January 2024	17.1	21.1	4.9	43.1
Charge to income statement	17.5	3.1	17.2	37.8
Utilisation of provision	(6.4)	(4.3)	(9.2)	(19.9)
At 31 December 2024	28.2	19.9	12.9	61.0
Charge to income statement	2.5	2.2	2.0	6.7
Utilisation of provision	(0.6)	(3.9)	(7.8)	(12.3)
At 31 December 2025	**30.1**	**18.2**	**7.1**	**55.4**
Included in current liabilities	16.1	18.2	7.1	41.4
Included in non-current liabilities	14.0	–	–	14.0
	30.1	18.2	7.1	55.4

The restructuring provision relates to restructuring activities treated as adjusting items and discussed in note 3. It excludes property-related provisions and inventory amounts which are separately classified.

The following table details the Group's liquidity analysis of its provisions, based on the undiscounted net cash outflows. The impact of discounting is not material for the Group's provisions.

£m	0–1 year	1–2 years	2–5 years	5+ years	Total
2025:					
Property	**16.1**	**3.6**	**2.9**	**7.5**	**30.1**
Insurance	**18.2**	–	–	–	**18.2**
Restructuring	**7.1**	–	–	–	**7.1**
	41.4	**3.6**	**2.9**	**7.5**	**55.4**
2024:					
Property	6.6	7.5	5.9	8.2	28.2
Insurance	19.9	–	–	–	19.9
Restructuring	12.9	–	–	–	12.9
	39.4	7.5	5.9	8.2	61.0

16. Deferred tax

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

£m (Asset)/liability:	At 1 January 2025	Disposal	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 31 December 2025
Trading losses	(17.5)	–	17.5	–	–	–
Deferred tax asset	(17.5)	–	17.5	–	–	–
Capital allowances	11.4	(1.7)	(6.9)	–	–	2.8
Revaluation of property	2.7	–	–	(0.6)	–	2.1
Share-based payments	(2.2)	–	–	0.1	–	(2.1)
Provisions	4.7	–	(2.2)	–	–	2.5
Property assets acquired in business combinations	8.0	(3.3)	(0.8)	–	–	3.9
Brand	15.3	–	0.2	–	–	15.5
Pension scheme asset	29.2	–	1.3	–	(1.0)	29.5
Deferred gains on property disposals	28.6	–	(1.7)	–	–	26.9
Lease liability	(163.7)	–	18.2	–	–	(145.5)
Right-of-use asset	133.5	–	(5.3)	–	–	128.2
Cash flow hedge	0.8	–	–	–	(0.9)	(0.1)
Deferred tax liability	68.3	(5.0)	2.8	(0.5)	(1.9)	63.7
Net deferred tax	50.8	(5.0)	20.3	(0.5)	(1.9)	63.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

16. Deferred tax continued

£m (Asset)/liability:	At 1 January 2024	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 31 December 2024
Trading losses	(18.0)	0.5	–	–	(17.5)
Deferred tax asset	(18.0)	0.5	–	–	(17.5)
Capital allowances	21.1	(9.7)	–	–	11.4
Revaluation of property	2.9	–	(0.2)	–	2.7
Share-based payments	(2.9)	0.8	(0.1)	–	(2.2)
Provisions	4.4	0.3	–	–	4.7
Property assets acquired in business combinations	8.8	(0.8)	–	–	8.0
Brand	21.8	(6.5)	–	–	15.3
Pension scheme asset	25.1	(5.4)	–	9.5	29.2
Deferred gains on property disposals	29.3	(0.7)	–	–	28.6
Lease liability	(151.0)	(12.7)	–	–	(163.7)
Right-of-use asset	132.6	0.9	–	–	133.5
Cash flow hedge	0.7	–	–	0.1	0.8
Deferred tax liability	92.8	(33.8)	(0.3)	9.6	68.3
Net deferred tax	74.8	(33.3)	(0.3)	9.6	50.8

Deferred tax of £20.2m in respect of trading losses primarily relating to the Toolstation Netherlands business was previously recognised by the Group. Following a review of forecasts based on the existing Netherlands store network, the Group concluded that the recognition criteria of IAS 12 – Income Taxes are no longer met and derecognised the deferred tax asset on its unused trading losses.

No deferred tax asset has been recognised on the losses of £122.7m (2024: remaining losses of £21.7m) in the Group's Toolstation Europe businesses as there is currently insufficient evidence that these losses would be utilised.

All deferred tax assets and liabilities are assessed within the relevant jurisdiction and no amounts are offset inappropriately.

17. Trade and other payables

Accounting policy

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs and are measured at amortised cost. The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

£m	2025	2024
Trade payables	**682.6**	532.9
Other taxation and social security	**22.4**	79.0
Other payables	**66.5**	92.8
Accruals	**81.4**	120.6
Deferred income	**11.3**	12.9
Trade and other payables	**864.2**	838.2

Included in trade payables at 31 December 2025 are amounts of £94.8m (2024: £88.4m) which are due for settlement under supplier financing arrangements with third-party banks, of which suppliers had received payments for £57.4m (2024: £57.5m). Suppliers choose to enter into these arrangements which provide access to the option of early settlement of invoices at interest rates based on Travis Perkins' credit rating. If suppliers do not elect for early payment, invoices are settled on the date agreed in the existing payment terms. In some cases, Travis Perkins has agreed extensions to payment terms with suppliers who regularly access the scheme, with the longest payment terms 107 days (2024: 107 days), an extension of 45 days (2024: 45 days). The total net amount outstanding where terms have been extended at 31 December 2025 was £9.2m (2024: £9.7m). Liabilities that are part of the arrangement had a range of payment dates of 52 – 107 days with trade payables that are not part of an arrangement having a range of 45 – 75 days (2024: 52 – 107 days compared to 45 – 75 days). These arrangements do not provide the Group with a significant benefit of additional financing and have been put in place for the benefit of the Group's suppliers, providing them with access to cost-efficient third-party funding. As such, outstanding balances are classified as trade payables and form part of the operating cash flows movement in the consolidated cash flow statement. There were no non-cash transfers from trade payables to finance payables in 2025 (2024: none). There are no significant judgements applied in the calculation of supplier finance balances.

18. Pension arrangements

The Group has a number of historical defined benefit pension schemes, all of which are closed to new members and future accruals. The Group operates four final salary schemes being The Travis Perkins Pensions and Dependants' Benefit Scheme ("the TP DB scheme"), the BSS Defined Benefit Scheme ("the BSS DB Scheme"), the immaterial Platinum pension scheme and the immaterial BSS Ireland Defined Benefit Scheme. The reconciliations and disclosures are presented as an aggregation of all schemes as each scheme is subject to similar risk characteristics.

Accounting policy

The cost of providing benefits under defined benefit pension schemes is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effects of asset ceilings and minimum funding payments and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Net interest expense or income is recognised within finance costs or finance income.

a. Expected future cash flows

The Directors have agreed with the BSS DB Scheme's Trustees and the TP DB Scheme's Trustees that, following the elimination of the deficits in these schemes, no further contributions from the Group are currently required. Both schemes fund their management and administrative expenses.

b. Balance sheet position and movements during the year

The amount included in the balance sheet arising from the Group's obligations in respect of all of its defined benefit schemes and the movements during the year:

	2025			2024		
£m	**Gross assets**	**Gross obligations**	**Net**	Gross assets	Gross obligations	Net
Gross pension asset as at 1 January	**971.1**	**(854.2)**	**116.9**	1,096.9	(996.3)	100.6
Amounts recognised in income:						
Administration expenses	**(1.7)**	**(0.1)**	**(1.8)**	(3.0)	(0.1)	(3.1)
Interest income/(cost)	**52.0**	**(45.6)**	**6.4**	48.7	(44.2)	4.5
Other movements:						
Contributions from sponsoring companies	**0.2**	**–**	**0.2**	0.4	–	0.4
Foreign exchange	**0.9**	**(0.3)**	**0.6**	(0.5)	0.4	(0.1)
Withdrawal of assets	**–**	**–**	**–**	(23.2)	–	(23.2)
Benefits paid	**(47.4)**	**47.4**	**–**	(49.8)	49.8	–
Balance sheet reclassifications	**–**	**–**	**–**	–	2.7	2.7
Amounts recognised in other comprehensive income:						
Return on plan assets (excluding amounts in net interest)	**(4.0)**	**–**	**(4.0)**	(98.4)	–	(98.4)
Actuarial loss from changes in demographic assumptions	**–**	**(7.2)**	**(7.2)**	–	(4.7)	(4.7)
Actuarial gain from changes in financial assumptions	**–**	**14.1**	**14.1**	–	100.4	100.4
Actuarial (loss)/gain from experience adjustments	**–**	**(7.1)**	**(7.1)**	–	37.8	37.8
Gross pension asset as at 31 December	**971.1**	**(853.0)**	**118.1**	971.1	(854.2)	116.9

The asset valuation of £971.1m (2024: £971.1m) at 31 December 2025 consists of the TP DB Scheme £739.9m (2024: £738.2m) and the BSS DB Scheme £231.2m (2024: £232.9m). The obligation valuation of £853.0m (2024: £854.2m) consists of the TP DB Scheme £644.7m (2024: £645.1m) and the BSS DB Scheme £208.3m (2024: £209.1m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

18. Pension arrangements continued

b. Balance sheet position and movements during the year continued

The actual gain on scheme assets of £48.0m (2024: loss of £49.7m) is represented by the interest income and return on plan assets (excluding amounts net interest) figures on the previous page.

The withdrawal of assets in 2024 represented the unwind of a Group-controlled special purpose vehicle ("SPV") used to fund the historical deficit in the TP DB Scheme.

The deferred tax liability of £29.5m (2024: £29.2m) has been recognised at the standard rate of corporation tax, as this rate best reflects the rate at which the liability will unwind. The pension surplus, net of deferred tax, as at 31 December 2025 is £88.6m (2024: £87.7m).

There are no restrictions on the current realisability of the pension surplus. The Group has an explicit right to a surplus in respect of the TP DB Scheme and, based on the operation of trust law in a winding up of the BSS DB Scheme following a gradual settlement, has an unconditional right to receive any surplus in the BSS DB Scheme.

c. Defined benefit scheme obligations

i. Valuation of scheme obligations

Full actuarial valuations of the TP DB scheme and the BSS DB scheme have been carried out as at 30 September 2023. The IAS 19 valuations have been based upon the results of the 30 September 2023 valuations, updated to 31 December 2025 by a qualified actuary.

The defined benefit pension schemes expose the Group to actuarial risks such as investment risk, interest rate risk and longevity risk. A summary of the risks and the management of those risks is given below and continued overleaf.

Investment risk	The present value of the defined benefit liabilities of the schemes is calculated using a discount rate predetermined by reference to high-quality corporate bond yields. If the return on scheme assets is below this rate it may create a plan deficit.
Interest risk	A decrease in corporate bond yields will increase the schemes' liabilities, but the effect will be partially offset by an increase in the return on the schemes' bond and gilt assets.
Longevity risk	The present value of the liabilities of the schemes is calculated by reference to the best estimate of mortality of pension scheme members both during and after their employment. An increase in the life expectancy of the schemes' members will increase the schemes' liabilities.

ii. Major actuarial assumptions

	At 31 December 2025	At 31 December 2024
Rate of increase of pensions in payment (post 2006 entitlement)	**2.80%**	2.95%
Discount rate	**5.55%**	5.50%
Inflation assumption – RPI	**2.85%**	3.05%
Inflation assumption – CPI	**2.45%**	2.55%

The yield curve used in setting the discount rate, which includes bonds with an average AA rating and excludes bonds which are sub-sovereign or issued by universities to reflect the credit risk of the defined benefit schemes. In respect of longevity, the valuation adopts the S4PA year of birth tables with improvements in life expectancy to continue in the medium term, with base year appropriate to the member's date of birth.

The weighted average life expectancy of 65-year-old members for the mortality tables used to determine pension liabilities at 31 December 2025 was 21.9 years for men and 24.0 years for women (2024: 21.6 years for men and 23.8 years for women).

iii. Maturity profile of obligations

The weighted average duration of the obligations of the defined benefit pension schemes is 12 years, with approximately 90% of the obligations expected to mature by 2060.

iv. Sensitivities

Key estimate over pension assumptions

The Group has chosen to adopt assumptions that the Directors believe are generally in line with comparable companies. If the difference between actual inflation is greater than assumed, or if long-term interest rates are lower than assumed, or if the average life expectancy of pensioners increases, then the pension surplus could be materially greater/lower than currently stated in the balance sheet.

The estimated effects of reasonably possibly changing the key assumptions (discount rate, inflation and life expectancy) on the IAS 19 – Employee Benefits balance sheet position of the Group's defined benefit pension schemes as at 31 December 2025 is given below.

Assumption		£m
Discount rate	Increase of 0.25%	(24.8)
	Decrease of 0.25%	25.6
Inflation	Increase of 0.25%	15.3
	Decrease of 0.25%	(14.9)
Longevity	Increase of 1 year	25.6
	Decrease of 1 year	(26.2)

d. Scheme assets

i. Scheme assets and investment strategy

The assets of the TP DB Scheme and the BSS DB Scheme are held separately from those of the Group in funds under the control of the schemes' Trustees.

The investment strategy for the UK schemes are controlled by the Trustee in consultation with the Company. The scheme assets do not include any of the Group's own financial instruments. In accordance with the schemes' derisked investment strategy, a high proportion of the largest two pension schemes' assets are invested in gilts and corporate bonds ("liability-driven investments").

All fair values are provided by the fund managers. Where available, the fair values are quoted prices (e.g. listed equity, sovereign debt and corporate bonds). Unlisted investments are included at values in accordance with relevant guidance. Other significant assets are valued based on observable inputs such as yield curves. The liability-driven investments, which comprise fixed-interest and index-linked gilts, futures, interest and inflation rate swaps, repurchase agreements and liquidity funds, are all daily priced and traded.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company and Trustees are currently considering the implications of the case for the TP DB Scheme and the BSS DB scheme. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the Directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

ii. Fair value of scheme assets

The major categories and fair values of scheme assets at the end of the reporting period for each category are as follows:

£m	At 31 December 2025	At 31 December 2024
Level 1:		
Cash	**165.0**	71.8
Level 2:		
Equities	**1.1**	0.9
Secured finance	**44.6**	34.1
Corporate bonds	**471.7**	522.6
Diversified growth fund	**1.4**	1.4
Liability driven investments	**692.2**	876.6
Repurchase agreements	**(467.7)**	(633.8)
Level 3:		
Secured finance income fund	**62.8**	97.5
	971.1	971.1

e. Defined contribution schemes

The Group operates two defined contribution schemes for all qualifying colleagues. The pension cost, which represents contributions payable by the Group, amounted to £19.3m in the year (2024: £19.0m).

f. Pension scheme contributions for the year

The total charge to the income statement disclosed in note 31 of £21.1m (2024: £22.1m) comprises defined benefit scheme current service costs of £1.8m (2024: £3.1m) and £19.3m (2024: £19.0m) of contributions payable to the defined contribution schemes.

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ASSETS AND LIABILITIES continued

19. Share capital and reserves

Accounting policy
Equity instruments represent the ordinary share capital of the Group and are recorded at the proceeds received, net of directly attributable incremental issue costs.

Consideration paid by the Group for its own shares is deducted from total shareholders' equity. Where such shares vest to colleagues under the terms of the Group's share incentive schemes or the Group's Sharesave schemes or are sold, any consideration received is included in shareholders' equity.

a. Share capital

Ordinary shares	Authorised, issued and fully paid No.	£m
At 1 January and 31 December 2025	212,509,334	23.8

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

b. Own shares

No.	**2025**	2024
At 1 January	**1,192,183**	1,668,682
Reissued	**(523,060)**	(476,499)
At 31 December	**669,123**	1,192,183

The own shares are held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes. None of the own shares have been allocated to grants of executive options and all rights attaching to the shares are suspended until the shares are reissued.

c. Reserves
A description of the nature and purpose of each reserve is given below:

- The share premium represents the amounts above the nominal value received for shares sold.
- The cash flow hedge reserve represents the cumulative gain or loss on the fair value of effective hedging instruments used in cash flow hedges which have not yet been reclassified to profit or loss.
- The merger reserve represents the premium on equity instruments issued as consideration for the acquisition of BSS.
- The revaluation reserve represents the revaluation surplus that arose from property revaluations in 1999 and prior years.
- The own shares reserve represents the cost of shares purchased in the market and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes.
- The foreign exchange reserve represents the exchange differences recognised on translation of the assets and liabilities of the operations that have a functional currency different from the Group.
- The capital redemption reserve arises as a result of the share buybacks and the subsequent cancellation of shares.
- Retained earnings represents cumulative results for the Group less cumulative dividends paid.

20. Earnings per share

a. Basic and diluted earnings per share

£m	2025	2024
Loss attributable to the owners of the parent		
– from continuing operations	**(176.3)**	(40.6)
– from discontinued operations	**–**	(36.8)
Weighted average number of shares for the purposes of basic earnings per share	**211,697,889**	211,106,493
Dilutive effect of share options on potential ordinary shares	**3,686,346**	3,794,915
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**215,384,235**	214,901,408
Loss per share		
– from continuing operations	**(83.3)p**	(19.2)p
– from discontinued operations	**–**	(17.4)p
– total	**(83.3)p**	(36.6)p
Diluted loss per share		
– from continuing operations	**(83.3)p**	(19.2)p
– from discontinued operations	**–**	(17.4)p
– total	**(83.3)p**	(36.6)p

A total of 1,823,148 share options (2024: 159,768 share options) had an exercise price in excess of the average market value of the shares during the year. As a result, these share options were excluded from the calculation of diluted earnings per share.

b. Adjusted earnings per share

Adjusted earnings per share is calculated by excluding the effect of adjusting items, the amortisation of acquisition-related intangible assets from earnings and the loss from discontinued operations.

£m	2025	2024
Loss for the purposes of earnings per share	**(176.3)**	(77.4)
Adjusting items	**222.2**	139.1
Amortisation of acquisition-related intangible assets	**7.8**	10.4
Tax on adjusting items	**(13.8)**	(29.0)
Tax on amortisation of acquisition-related intangible assets	**(1.9)**	(2.6)
Adjusting tax	**27.2**	–
Loss from discontinued operations	**–**	36.8
Earnings for adjusted earnings per share	**65.2**	77.3
Adjusted earnings per share	**30.8p**	36.6p

21. Dividends

Accounting policy

Dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting.

Amounts were recognised in the financial statements as distributions to equity shareholders as follows:

£m	2025	2024
Final dividend for the year ended 31 December 2024 of 9.0 pence (2023: 5.5 pence) per ordinary share	**19.1**	11.6
Interim dividend for the year ended 31 December 2025 of 4.5 pence (2024: 5.5 pence) per ordinary share	**9.5**	11.6
Total dividend recognised during the year	**28.6**	23.2

The Directors are recommending a final dividend of 7.5 pence in respect of the year ended 31 December 2025. The anticipated cash payment in respect of the proposed final dividend is £15.8m (2024: £19.1m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

22. Borrowings

Accounting policy

Interest-bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method.

A summary of the Group's objectives, policies, procedures and strategies with regard to financial instruments and capital management can be found in the Strategic report on page 24.

a. Summary

£m	2025	2024
Bonds	–	250.0
Term loan	**75.0**	75.0
Senior unsecured notes	**348.2**	100.0
Overdraft	–	13.2
Finance charges netted off borrowings	**(3.8)**	(3.2)
Accrued interest	**7.2**	–
	426.6	435.0
Current liabilities	**7.2**	13.2
Non-current liabilities	**419.4**	421.8
	426.6	435.0

The Group's term loan, senior unsecured notes and committed revolving credit facility are subject to two financial covenants:

- Leverage: Net debt / Adjusted EBITDA < 4.0x
- Interest cover: Adjusted operating profit / Net interest payable > 2.0x

At 31 December 2025, the following facilities were in place:

- £75m term loan (2024: £75m) repayable in 2027 incurring interest at a weighted average rate of 4.6% (2024: 4.6%).
- £100m 2023 senior unsecured notes repayable between 2029 and 2031 incurring interest at a weighted average rate of 6.2% (2024: 6.2%).
- £93m and US$40m 2025 senior unsecured notes repayable between 2028 and 2035 incurring interest at a weighted average rate of 6.4%, issued on 13 March 2025.
- £76m, US$25m and €36m 2025 senior unsecured notes repayable between 2029 and 2037 incurring interest at a weighted average rate of 6.2%, issued on 10 November 2025.

The £250m bond held at 31 December 2024, incurring interest at a rate of 3.8% (2024: 3.8%), was fully repaid in the year. On 10 April 2025, the Group repurchased £125.0m of the sterling bond at a price of 98.964 per cent. On 19 December 2025, the Group repurchased the remaining £125.0m of the sterling bond at a price of 100.00 per cent.

The variable interest rate on the term loan is hedged by an interest rate swap and parts of the 2025 senior unsecured notes that are denominated in US dollars and euros are hedged by currency swaps. Details of the swaps are disclosed in note 27.

The Group's £15.0m overdraft facility and the Group's £375.0m revolving credit facility were undrawn as at 31 December 2025. The overdraft balance of £13.2m on 31 December 2024 was presented as part of current liabilities and formed part of the Group's notional cash pool and its aggregate cash position of £231.2m.

b. Fair values

The book values of financial liabilities have been determined based on amortised cost. Their fair values are approximately equal to their carrying amounts.

Details of the fair values of derivatives are given in note 27.

c. Guarantees and security

There are cross guarantees on the overdrafts between Group companies.

Travis Perkins Trading Company Limited, Travis Perkins (Properties) Limited, TP Property Company Limited, CCF Limited, Keyline Civils Specialist Limited, Toolstation Limited and The BSS Group Limited are guarantors of the following facilities advanced to Travis Perkins plc:

- £75m term loan
- £100m 2023 senior unsecured notes
- £93m and US$40m March 2025 senior unsecured notes
- £75.5m, US$25m and €36m November 2025 senior unsecured notes
- £375m revolving credit facility (2024: £375m)
- Currency derivatives (note 27)

The Group companies have entered into other guarantee and counter-indemnity arrangements in respect of guarantees issued in favour of Group companies by several banks amounting to approximately £28.9m (2024: £31.8m).

The interest rate and currency swaps are guaranteed by Travis Perkins Trading Company Limited, Travis Perkins (Properties) Limited, CCF Limited, Keyline Civils Specialist Limited, The BSS Group Limited and Toolstation Limited.

23. Net debt

Accounting policy

Cash and cash equivalents comprise cash balances and cash deposits with an original maturity of three months or less held by the Group and Company, net of overdrafts. Cash collected through card payments is recognised upon transaction. The carrying amount of these assets approximates to their fair value.

Movement in net debt

Net debt is defined as the sum of current and non-current debt, and leases, less cash and cash equivalents.

	Liabilities from financing activities				Other assets and liabilities		Total
£m	Term loan	Senior unsecured notes	Liability to pension scheme	Subtotal	Cash and cash equivalents, including overdraft	Leases	
At 1 January 2024	71.5	349.0	24.6	445.1	(131.5)	608.4	922.0
Additions to leases	–	–	–	–	–	152.1	152.1
Disposals of leases	–	–	–	–	–	(8.6)	(8.6)
Cash flow	–	–		–	(99.7)	(127.4)	(227.1)
Finance charges and fees	0.9	0.4	–	1.3	–	–	1.3
Loan settlement	–	–	(24.6)	(24.6)	–	–	(24.6)
Discount unwind on lease liabilities	–	–	–	–	–	30.1	30.1
At 31 December 2024	**72.4**	**349.4**	**–**	**421.8**	**(231.2)**	**654.6**	**845.2**
Additions to leases	–	–	–	–	–	90.1	90.1
Disposals of leases	–	–	–	–	–	(24.9)	(24.9)
Cash flow	–	1.8	–	1.8	(195.7)	(128.1)	(322.0)
Finance charges and fees	0.2	(2.2)	–	(2.0)	–	–	(2.0)
Foreign exchange retranslation of foreign currency debt	–	(2.2)	–	(2.2)	–	–	(2.2)
Discount unwind on lease liabilities	–	–	–	–	–	29.7	29.7
Reclassification	1.5	5.7	–	7.2	–	–	7.2
31 December 2025	**74.1**	**352.5**	**–**	**426.6**	**(426.9)**	**621.4**	**621.1**

Cash and cash equivalents comprises short-term deposits of £392.0m (2024: £200.0m), cash of £34.9m (2024: £44.4m) and overdraft of £nil (2024: £13.2m). Net cash before lease liability was £0.3m (2024: net debt of £190.6m).

The £1.8m (2024: £nil) cash flow movement in the senior unsecured notes balance represents the net cash movement comprising repayment of the £250.0m bond, which was repaid at the discounted amount of £248.7m, and the issuance of the £250.5m private placement debt.

24. Cash flow metrics

Free cash flow is defined as net cash flow before dividends, freehold property purchases and disposals, pension deficit repair contributions, adjusting and discontinued cash flows and the issuance and repayment of debt. Adjusted operating cash flow is defined as free cash flow before capital expenditure excluding freehold purchases and the disposal of plant and equipment.

£m	**2025**	2024
Loss before tax	**(134.7)**	(38.4)
Less: Net interest	**38.1**	40.7
Adjusting items	**222.2**	139.1
Amortisation of acquisition-related intangible assets	**7.8**	10.4
Profit on disposal of properties	**(9.9)**	(11.3)
Adjusted operating profit excluding property profits	**123.5**	140.5
Movement on working capital	**135.1**	5.5
Depreciation of property, plant and equipment	**66.0**	79.8
Amortisation and impairment of internally-generated intangibles	**3.7**	3.6
Share-based payments	**7.7**	11.7
Interest on lease liabilities	**(29.7)**	(29.6)
Other net interest paid	**(20.2)**	(19.5)
Income tax paid	**(21.7)**	(20.9)
Adjusted operating cash flow	**264.4**	171.1
Capital expenditure excluding freehold purchases	**(60.2)**	(63.8)
Disposal of plant and equipment	**0.7**	1.2
Free cash flow	**204.9**	108.5

The figure for 'cash payments on adjusting and discontinued items' presented in the Uses of Free Cash Flow table in the Strategic report on page 23 includes £10.9m of payments on leases where the right-of-use asset has been impaired through an adjusting item. This cash outflow is included in repayments of lease liabilities in the cash flow statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

25. Net debt to adjusted EBITDA

Net debt to adjusted EBITDA is defined as the ratio of net debt (note 23) to earnings before interest, tax, depreciation, amortisation and adjusting items ("adjusted EBITDA") and is used in one of the Group's debt covenants.

£m	2025	2024
Operating (loss)/profit	**(96.6)**	2.3
Depreciation and amortisation	**164.9**	190.5
Adjusting items	**222.2**	139.1
Adjusted EBITDA	**290.5**	331.9
Net debt	**621.1**	845.2
Net debt to adjusted EBITDA	**2.1x**	2.5x

26. Return on capital employed

Average capital employed is calculated as follows:

£m	2025	2024
Opening net assets	**1,974.1**	2,040.3
Net pension surplus	**(87.7)**	(75.5)
Net debt	**845.2**	922.0
Opening capital employed	**2,731.6**	2,886.8
Closing net assets	**1,776.3**	1,974.1
Net pension surplus	**(88.6)**	(87.7)
Net debt	**621.1**	845.2
Closing capital employed	**2,308.8**	2,731.6
Average capital employed	**2,520.2**	2,809.2

Group return on capital employed is calculated as follows:

£m	2025	2024
Adjusted operating profit (note 2)	**133.4**	151.8
Average capital employed	**2,520.2**	2,809.2
Return on capital employed	**5.3%**	5.4%

27. Financial instruments and risk management

Accounting policy

Investments and other financial assets classification

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

- Those to be measured subsequently at fair value (either through Other Comprehensive Income "FVOCI", or through profit or loss "FVTPL")
- Those to be measured at amortised cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTPL or at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **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 directly in profit or loss and presented in finance income or finance costs, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains and losses in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from financing activities. The Group does not enter into speculative financial instruments. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for derivative trading purposes.

Derivative financial instruments are stated at fair value. The fair value of derivative financial instruments is the estimated amount the Group would receive or pay to transfer to a market participant the derivative at the balance sheet date, taking into account current interest and exchange rates and the current creditworthiness of the counterparties.

Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in the Statement of Comprehensive Income. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the items being hedged.

In order to qualify for hedge accounting, the Company is required to document from inception, the relationship between the item being hedged and the hedging instrument. The Company is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an on-going basis. This effectiveness testing is performed at each reporting date to ensure that the hedge remains highly effective.

Derivative financial instruments are classified as cash flow hedges when they hedge the Company's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction. The effective element of any gain or loss from re-measuring the derivative instrument is recognised directly in equity.

The associated cumulative gain or loss is removed from equity and recognised in the Statement of Comprehensive Income in the same period during which the hedged transaction affects the Statement of Comprehensive Income. The classification of the effective portion when recognised in the Statement of Comprehensive Income is the same as the classification of the hedged transaction. Any element of the re-measurement criteria of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the Statement of Comprehensive Income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs or the original hedged item affects the Statement of Comprehensive Income. If a forecasted hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Statement of Comprehensive Income.

Foreign currency forward contracts are marked-to-market at the balance sheet date, with any gains or losses being taken through the income statement. Derivatives embedded in commercial contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the underlying contracts, with unrealised gains or losses being reported in the income statement.

a. The carrying value of categories of financial instruments

£m	2025	2024
Financial assets:		
Mandatorily at FVTPL	–	0.5
Loans and receivables (including cash and cash equivalents) at amortised cost	**1,030.9**	958.0
Designated instrument-by-instrument at FVOCI	**1.3**	3.3
	1,032.2	961.3
Financial liabilities:		
Mandatorily at FVTPL	**0.1**	–
Borrowings at amortised cost	**426.6**	435.0
Trade and other payables (including overdrafts) at amortised cost	**828.9**	753.0
Designated instrument-by-instrument as either FVTPL or FVOCI	**3.1**	–
Leases	**621.4**	654.6
	1,880.1	1,842.6

Loans and receivables exclude prepayments of £38.7m (2024: £49.0m). Trade and other payables exclude taxation and social security and deferred income and accruals relating to employee benefits totalling £35.3m (2024: £85.2m). The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group has considered the impact of credit risk on its financial instruments and because the counterparties are banks with strong credit ratings considers its impact to be immaterial. The issuer credit ratings of the banks and financial institutions where the Group's deposits are held ranges from A to AAA (S&P), A1 to Aa2 (Moody's), and A to AA- (Fitch).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

27. Financial instruments and risk management continued

b. Fair value of financial instruments

Financial assets and financial liabilities measured at fair value comprise foreign currency forward contracts, interest rate swaps and currency swaps. The fair value of these derivative financial instruments was calculated using discounted cash flows analysis and the following inputs: interest rate and foreign exchange forward curves and GBP, EUR and USD benchmark rates. These instruments were classified as level 2 in the fair value hierarchy because all inputs used in the valuation techniques were based on observable market data.

There were no transfers between levels during the year.

The carrying value of the financial assets and financial liabilities measured at amortised cost approximates their value either due to short maturities or because these are floating rate instruments and the credit risk did not change significantly since initial recognition.

c. Risk management

Derivatives

During 2022 the Group obtained a five-year term loan facility for £75m and at the same time entered into an equal interest rate swap arrangement to hedge the full variable component of the interest rate for the life of the instrument.

The £125m of US private placement notes issued in March 2025 included a dollar tranche of $40m on a three-year term. The £125m of US private placement notes issued in November 2025 included a euro tranche of €36m on a four-year term and USD tranches of $5m, $10m and $10m on four-year, five-year and seven-year terms respectively. The Group entered into currency swap arrangements to mitigate the risk arising from movements in exchange rate.

The risk management objective is to hedge against the volatility of cash flows of the variable interest rate and foreign exchange elements of the loan facility. Interest rate swaps and currency swaps were designated as hedging instruments in their entirety. Since all critical terms matched during the year, there is an economic relationship. The only source of ineffectiveness of the designated hedges is expected to be credit risk and foreign currency basis risk. Hedge ineffectiveness in relation to the swaps was negligible for 2025 and 2024.

The Group has the following derivative financial instruments in the balance sheet:

£m	2025	2024
Non-current assets		
Interest rate swap – cash flow hedge	**1.3**	3.3
Total non-current derivative financial instrument assets	**1.3**	3.3
Non-current liabilities		
Currency swaps – cash flow hedge	**3.1**	–
Total non-current derivative financial instrument liabilities	**3.1**	–
Current liabilities		
Foreign currency forward contracts	**0.1**	–
Total current derivative financial instrument liabilities	**0.1**	–

The Group's hedging reserve relates to the combined hedge instruments:

£m	2025	2024
At 1 January	**2.5**	2.2
Change in fair value of hedging instrument recognised in OCI	**(5.1)**	0.4
Reclassified from OCI to profit or loss	**2.2**	–
Deferred tax recognised in OCI	**0.9**	(0.1)
At 31 December	**0.5**	2.5

Interest rate swaps currently in place cover 100% of the term loan principal outstanding. The fixed interest rate of the swap is 2.673%. The interest rate of the term loan consists of a variable element based on the Sterling Overnight Index Average ("SONIA") and a margin between 1.8% – 2.4%. The swap contracts require settlement of the net interest receivable or payable every six months and coincides with the dates on which payment is due on the underlying term loan.

The effects of the interest rate swaps of the Group's financial position and performance are as follows:

£m	2025	2024
Carrying amount (non-current assets)	**1.3**	3.3
Notional amount	**75.0**	75.0
Maturity date	**15 August 2027**	15 August 2027
Hedge ratio	**1:1**	1:1
Loss on fair value remeasurement of hedging instruments for the year	**(2.0)**	0.4
Weighted average hedged rate for the year	**4.2%**	5.1%

Currency swaps currently in place cover 100% of the principal outstanding. The Group swapped the US$40m tranche of its March 2025 debt issuance for £32m at the prevailing market rate on a term equal to the principal term. At each semi-annual interest date, interest at 6.07% is received in USD and interest of 6.06% is paid in GBP. The Group swapped the €36m and US$25m tranches of its November 2025 debt issuance for £50m at the prevailing market rate on a term equal to the principal term. At each semi-annual interest date, for the euro tranches, interest at 3.97% is received in EUR and interest of 5.79% is paid in GBP, and for the USD tranches, interest at 5.53% is received in USD and interest of 6.10% is paid in GBP. The semi-annual interest dates on the swaps coincide with the dates on which interest payments are due on the underlying facility.

The effects of the exchange rate swaps on the Group's financial position and performance are as follows:

£m	2025
Carrying amount (non-current assets)	**(3.1)**
Notional amount	**US$65m and €36m**
Maturity date	**Between 13 March 2028 and 10 Nov 2032**
Hedge ratio	**1:1**
Loss on fair value remeasurement of hedging instruments for the year	**(3.1)**
Weighted average hedged rate for the year	**5.8% (EUR tranches) 6.1% (USD tranches)**

The following amounts were recognised in the Group's profit and loss:

£m	2025	2024
Net (loss)/gain on foreign currency forwards not qualifying as hedges included in interest (expense)/income	**(0.6)**	0.8

Interest risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts and forward interest rate contracts when appropriate. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Currency risk management

The Group is exposed to exchange rate risk as entities in the Group borrow funds in both US dollars and euros. The risk is managed by the Group by the use of both currency and sterling debt and by the use of currency swap contracts when appropriate. Hedging activities are evaluated regularly to align with exchange rate views and defined risk appetite, ensuring optimal hedging strategies are applied.

The Group acquires goods for sale from overseas which, when not denominated in sterling, are paid for principally in US dollars and euros. The Group has entered into forward foreign exchange contracts (all of which are less than one year in duration) to buy US dollars and euros to hedge the exchange rate risk arising from these anticipated future purchases. At the balance sheet date the total notional value of contracts to which the Group was committed was €0.5m and US$28.5m (2024: €nil and US$24.0m). The fair value of these derivatives was £0.1m liability (2024: £0.5m asset). These contracts are not designated cash flow hedges and accordingly the fair value movement has been reflected in the income statement.

Interest rate sensitivity analysis

A sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the balance sheet date. The analysis is prepared assuming that the balances at the balance sheet date were constant for the whole year. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel.

At 31 December 2025 the Group had no floating rate liabilities except for its £75m five-year term loan facility for which the Group entered into an interest rate swap arrangement to hedge the full variable component of the interest rate for the life of the instrument. There was £392m on short-term deposit at 31 December 2025 (2024: £200m). A 1.0% increase or decrease in interest rates, with all other variables held constant, would have the following impact:

- Profit before taxation for the year ended 31 December 2025 would have increased or decreased by £3.9m (2024: increased or decreased by £2.0m) due to the short-term deposits
- Net equity would have increased or decreased by £2.9m (2024: increased or decreased by £1.5m)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

27. Financial instruments and risk management continued

c. Risk management continued

Exchange rate sensitivity analysis

At 31 December 2025 the Group had no currency liabilities except for its US private placement notes for which the Group entered into currency swap arrangements to hedge the full amount for the life of the instrument.

d. Liquidity analysis

The following table details the Group's liquidity analysis for its derivative financial instruments and other financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the derivative instruments that settle on a net basis and the undiscounted gross cash flows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

	2025				
£m	0–1 year	1–2 years	2–5 years	5+ years	Total
Gross settled:					
Foreign exchange forward contracts	(21.7)	–	–	–	(21.7)
Currency swaps cash outflows – cash flow hedge	(4.9)	(4.9)	(82.3)	(8.4)	(100.5)
Currency swaps cash inflows – cash flow hedge	4.1	4.1	78.5	8.3	95.0
Net settled:					
Interest rate swap – cash flow hedge	0.8	0.5	–	–	1.3
Total derivative financial instruments	(21.7)	(0.3)	(3.8)	(0.1)	(25.9)
Net settled:					
Borrowings	(23.0)	(101.2)	(248.2)	(189.8)	(562.2)
Trade and other payables at amortised cost	(828.9)	–	–	–	(828.9)
Leases	(121.9)	(204.3)	(159.0)	(315.1)	(800.3)
Total financial instruments	(973.8)	(305.5)	(407.2)	(504.9)	(2,191.4)

	2024				
£m	0–1 year	1–2 years	2–5 years	5+ years	Total
Gross settled:					
Foreign exchange forward contracts	(18.7)	–	–	–	(18.7)
Net settled:					
Interest rate swap – cash flow hedge	1.1	0.9	0.7	–	2.7
Total derivative financial instruments	(17.6)	0.9	0.7	–	(16.0)
Net settled:					
Borrowings	(30.6)	(270.6)	(132.7)	(72.2)	(506.1)
Trade and other payables at amortised cost	(753.0)	–	–	–	(753.0)
Leases	(119.9)	(208.0)	(161.3)	(336.2)	(825.4)
Total financial instruments	(903.5)	(478.6)	(294.0)	(408.4)	(2,084.5)

28. Impairment

Accounting policy

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets with a definite useful life are reviewed at each balance sheet date to determine whether there is any indication of impairment to their value. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The Group's CGUs are the branches of its Merchanting and Toolstation businesses. The recoverable amount of an asset is the greater of its fair value less disposal cost and its value-in-use (the present value of the future cash flows that the asset is expected to generate). In determining value in use the present value of future cash flows is discounted using a pre-tax discount rate that reflects current market assessments of the time-value of money in relation to the period of the investment and the risks specific to the asset concerned.

Where the carrying value exceeds the recoverable amount a provision for the impairment loss is established with a charge being made to the income statement. When the reasons for an impairment no longer exist the impairment is reversed in the income statement up to the net book value that the relevant asset would have had if it had not been impaired and if it had been depreciated, except in respect of goodwill for which impairments are not reversed.

For intangible assets that have an indefinite useful life the recoverable amount is estimated on an annual basis.

a. Measuring recoverable amounts

The recoverable amounts of the goodwill and other non-monetary assets with indefinite useful lives are determined for all CGUs and CGU groupings from value-in-use calculations. Where a potential impairment has been identified, the fair value less costs of disposal has been determined for individual assets. The valuations are considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The key financial assumptions for the value-in-use models are those regarding the discount rate and the terminal growth rate. The key operating assumptions for these models are sales growth and operating margin percentage. Management estimates pre-tax discount rates that reflect current market assessments of the time-value of money and the risks specific to the CGU groupings that are not reflected in the cash flow projections.

In developing these assumptions, management has considered the possible impacts of climate risks. This has included consideration of the impact of climate risks on the Group's required capital expenditure, on energy costs directly in the business and the supply chain and the impact of the changes on the Group's markets and customers. The assessment was completed as at 30 September 2025.

Key financial assumptions

The key financial assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key financial assumptions represent management's assessment of current market conditions and future trends and have been based on historical data from both external and internal sources.

	2025	2024
Pre-tax discount rate	**9.4 – 12.8%**	11.7 – 12.9%
Terminal growth rate	**1.3 – 2.0%**	1.6 – 2.0%

The pre-tax discount rate used in the estimation of the recoverable amount for the Travis Perkins General Merchant, TFS, Keyline and CCF CGU groupings was 12.8% and for the Toolstation Benelux CGU grouping was 9.4%.

Management determined the values assigned to these financial assumptions as follows:

- Pre-tax discount rates: These are calculated by adjusting the weighted average cost of capital ("WACC") of the Group for the impact of tax and reflect specific risks relating to the Group's industries and the countries in which the Group operates. The pre-tax discount rate is adjusted for risks not adjusted for in the cash flow forecasts, including risks related to the industry of each CGU.
- Terminal growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. For the UK CGUs, this represents the forecast inflation growth for the final year considered in the Bank of England's long-term inflation target. For Toolstation Benelux, this represents the GDP growth forecast for the Netherlands in the final available forecast year in the IMF's World Economic Outlook Database.

Key operating assumptions

Cash flow forecasts are derived from the most recent Board-approved strategic plans, updated for changes in current trading conditions and adjusted for risks relevant to the cash flows. The key operating assumptions used in the estimation of future cash flows for the UK CGUs and CGU groupings are:

- Sales growth rates on which the approved corporate plans are based and which are derived from a variety of sources that provide market volume forecasts, including construction and consumer outlook reports, current and forecast housing-market transaction numbers and mortgage-approval levels. The Directors consider this to be the principal operating assumption as it determines management's approach to the interlinked factors underlying the operating margin percentage.
- Operating margin percentages are forecast in the context of the sales growth assumptions and are based on historical experience of operating margins, adjusted for the impact of changes to product costs and cost-saving initiatives.

For the less-mature Toolstation Benelux CGU grouping, the key operating assumption is future sales growth. This assumption is set in the context of the store opening profile and historical data from the Toolstation UK and Toolstation Benelux businesses on the store maturity profile.

Cash flows beyond the strategic plan periods (2030 and beyond for the UK CGUs and 2031 and beyond for the Toolstation Benelux CGU) have been determined using the terminal growth rate. The longer period used for the Toolstation Benelux CGU is consistent with market practice for valuing high-growth loss-making businesses. Corporate costs are allocated to CGUs on a pro-rata basis per each CGU's sales.

Results

The recoverable amount of goodwill and intangible assets with indefinite useful lives was in excess of their book value in all CGUs and CGU groupings and therefore no impairments have been recognised in respect of these CGUs and CGU groupings, except for the Toolstation Benelux CGU and CCF Limited in respect of which a £105.5m and £43.6m impairment charge has been recognised respectively.

There are no reasonably possible changes in the key assumptions used in the impairment reviews that would cause the recoverable amounts to be lower than the carrying amounts except in respect of the Travis Perkins General Merchant, TFS and Keyline CGU groupings. Sensitivity disclosures are provided for these CGU groupings.

Toolstation Benelux Impairment

Following the annual impairment review of goodwill and intangible assets, an impairment of £105.5m has been recognised in respect of the Toolstation Benelux CGU. Trading conditions in its market have been challenging and as a consequence a lower value in use has been recognised in the impairment model. This impairment charge relates to £22.2m of right-of-use assets, £8.7m of tangible fixed assets, £60.1m of goodwill and £14.5m of other acquisition-related intangible fixed assets. There are no reasonably possible changes in the assumptions used in this impairment review that would result in a materially different impairment charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

ASSETS AND LIABILITIES continued

28. Impairment continued

a. Measuring recoverable amounts continued

CCF

Following the annual impairment review of goodwill and intangible assets, an impairment of £43.6m has been recognised in respect of the CCF CGU. Trading conditions in its market have been challenging and as a consequence a lower recoverable amount has been recognised in the VIU model. A further impairment charge of £2.9m of right-of-use and tangible fixed assets has also been recognised as part of the branch impairment review. The recoverable amount of these fixed assets relating to the CCF business is now £56.6m. There are no reasonably possible changes in the assumptions used in this impairment review that would result in a materially different impairment charge.

Branch impairments

Indications of impairment were identified for some Merchanting branches, each of which is a CGU, and as a result of the impairment reviews performed for these branches an impairment charge of £67.4m has been recognised, principally in respect of certain Travis Perkins General Merchant, BSS, TFS, Keyline and CCF branches. All these impairments relate to the Merchanting segment. The annual impairment reviews for branches in the Group's other businesses did not result in any impairments.

The impairment reviews for branches in the Merchanting businesses have resulted in an impairment charge of £67.4m being recognised. This charge consists of £60.2m in respect of Travis Perkins General Merchant branches, £3.1m in respect of CCF branches and £4.1m in respect of other Merchanting CGUs. It reflects the challenging trading conditions and extended period of low market volumes in the UK construction sector. The impairment charge relates to £0.3m of right-of-use assets, £33.8m of tangible fixed assets and £33.3m of freehold property.

In 2024 an impairment charge of £32.7m was recognised in respect of the Staircraft CGU and of £62.7m in respect of some Merchanting branches, principally in respect of certain Travis Perkins General Merchant and CCF branches.

There are no reasonably possible changes in the key assumptions used in the impairment reviews that would cause the recoverable amounts to be lower than the carrying amounts except in respect of the Travis Perkins General Merchant, TFS and Keyline CGU groupings. Sensitivity disclosures are provided for these CGU groupings.

Sensitivity disclosures

The recoverable amounts calculated in the impairment reviews of the Travis Perkins General Merchant, TFS and Keyline CGU groupings exceeded the carrying amounts as below.

	Carrying amount	Headroom
Travis Perkins General Merchant	993.7	297.0
TFS	24.6	0.2
Keyline	182.7	4.0

Whilst the Directors believe the assumptions are realistic, there are reasonably possible changes in the key assumptions that would cause the recoverable amounts of these CGUs to be lower than the carrying amounts. The key variables applied to the value-in-use calculations for Travis Perkins General Merchant and Keyline, and the value at which the recoverable amount would be equal to the carrying amount for each CGU, were:

	Travis Perkins General Merchant		TFS		Keyline	
	Assumption	Sensitivity	Assumption	Sensitivity	Assumption	Sensitivity
Pre-tax discount rate	12.8%	15.9%	12.8%	12.8%	12.8%	13.0%
Average sales growth	4.9%	3.5%	12.7%	12.7%	6.6%	6.4%
Operating margin in the terminal year	5.5%	4.1%	2.9%	2.9%	3.7%	3.6%

The average sales growth assumptions, which are compound annual growth rates, reflect an expectation that the significant reduction in construction market volumes in the UK since 2021 will be partially reversed over the forecast period. These impairment reviews are not sensitive to reasonably possible changes to the terminal growth rate. All other variables have been held equal.

There are no reasonably possible changes in the assumptions used in the impairment reviews of Toolstation Benelux, CCF, Toolstation and BSS that would result in a materially different impairment charge.

While there is not a significant risk of an adjustment to the carrying amount of any one branch cash-generating unit that would be material to the Group as a whole in the next financial year, the following table summaries the reasonable possible changes in key assumptions which most impact the impairment of the Group's entire portfolio of branch cash-generating units, presenting in aggregate due to the large number of individually immaterial branch cash-generating units. The reasonable possible change on the next page applies the corresponding change to the base scenario.

	Reasonably possible scenario	Impact on Impairment	2025
Pre-tax discount rate	Increase of 100bps for each branch	Increase	0.7
	Decrease of 100bps for each branch	Decrease	0.5
Sales growth	Increase of 5% for each branch	Decrease	1.7
	Decrease of 5% for each branch	Increase	1.7
Operating margin in the terminal year	Increase of 50bps for each branch	Decrease	2.4
	Decrease of 50bps for each branch	Increase	2.9

Key estimates over assumptions used in value-in-use calculations

In testing for impairment, the recoverable amounts of the Travis Perkins General Merchant, TFS and Keyline CGU groupings have been determined by reference to their value-in-use. In producing these estimates, the Directors have made certain estimates concerning discount rates, future cash flows and the future development of the businesses that are consistent with the 2025 strategic plans and the businesses' 2026 budgets. Whilst the Directors consider the assumptions to be realistic, should actual results, including those for future sales growth, be different from expectations, for instance due to a worsening of the British economy, then it is possible that the value of goodwill and other intangible and tangible assets included in the balance sheet could become impaired or the impairment charge could be different. The range of reasonably possible outcomes includes the headroom movements detailed in the scenarios in the table below.

	Pre-tax discount rate		Sales growth		Operating margin in the terminal year	
	-100bps	+100bps	-5%	+5%	-50bps	+50bps
	£m	£m	£m	£m	£m	£m
Travis Perkins General Merchant	153.0	(128.6)	(819.9)	902.1	(102.8)	102.8
TFS	2.1	(2.9)	(24.2)	26.6	(4.1)	4.1
Keyline	22.1	(17.9)	(91.3)	100.7	(22.3)	22.3

29. Capital commitments

£m	2025	2024
Contracted for but not provided in the accounts	**11.2**	26.4

30. Disposals

The Staircraft business was sold on 30 April 2025 for cash consideration of £20.8m. As this business did not represent a separate major line of business or geographical area of operations, it has not been presented as a discontinued operation in the income statement. A loss has been recognised on the sale of the business of £2.4m. The revenue of £24.9m and adjusted operating loss of £0.5m in the period to 30 April 2025 are presented in the Group's financial statements as part of the Merchanting segment.

PEOPLE

31. Staff costs

a. Average number of persons employed

The average monthly number of persons employed (including Executive Directors):

No.	2025	2024
Sales and distribution	**16,105**	16,243
Administration	**1,281**	1,351
	17,386	17,594

b. Aggregate remuneration

£m	2025	2024
Wages and salaries	**574.0**	565.1
Social security costs	**62.6**	52.5
Pension costs (note 18)	**21.1**	22.1
Share-based payments (note 32)	**7.7**	11.7
	665.4	651.4

Director's remuneration, including pension contributions and Long-Term Incentive plan awards, is set out in the Single Total Figure of Remuneration table in the Directors' remuneration report on pages 88 to 89.

The total amounts received or receivable by Directors under long-term incentive schemes in respect of qualifying service in the year is £33,000 (2024: £1,000). The aggregate of gains made by the Directors in the year on the exercise of share options equated to £nil (2024: £nil). Details with respect to share options exercised in the year are set out on page 92.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

PEOPLE continued

32. Share-based payments

Accounting policy

The Group issues equity-settled share-based payments to colleagues: long-term incentives, executive share options and Save As You Earn ("SAYE"). These payments are measured at fair value at the date of grant taking into account the terms and conditions upon which the options were granted.The cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

a. Fair value of options

A pricing model is used to calculate the fair value of the options and the amount to be expensed. The probability of the performance conditions being achieved was included in the fair-value calculations. The inputs into the model for options granted in the year expressed as weighted averages are as follows:

	2025		2024	
	SAYE	Nil-price options	SAYE	Nil-price options
Share price at grant date (pence)	**635.5**	**621.3**	729.0	729.0
Option exercise price (pence)	**483.0**	**–**	724.0	–
Volatility (%)	**30.3%**	**32.4%**	32.4%	37.7%
Option life (years)	**3.4**	**3.0**	3.3	2.6
Risk-free interest rate (%)	**3.7%**	**3.9%**	4.0%	4.4%
Expected dividends as a dividend yield (%)	**2.5%**	**2.5%**	2.1%	3.3%

Volatility is based on historic share prices over a period equal to the vesting period. Option life used in the model has been based on options being exercised in accordance with historical patterns. For executive share options the vesting period is three years.

If options remain unexercised after a period of ten years from the date of grant, these options expire. Options are forfeited if the colleague leaves the Group before options vest. SAYE options vest after three or five years and expire three and a half or five and a half years after the date of grant.

The risk-free interest rate of return is the yield on zero-coupon UK Government bonds on a term consistent with the vesting period. Dividends used are based on actual dividends where data is known and future dividends estimated using a dividend cover of three times (within the Board's target range).

The expected life of options used in the model has been adjusted, based upon management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

There are no cash-settled share schemes. All share schemes are equity-settled.

b. Income statement charge and shares granted

A description of the share schemes operated by the Group is contained in the Remuneration report on page 78. The estimated fair values of the shares under option granted under the Group's share schemes in 2025 are as follows:

Share scheme	Grant date	Fair value for the Group £m
Performance Share Plan (nil-price options)	19 June 2025	7.2
Save As You Earn	25 Sep 2025	7.4

c. Share options for the Group

The number and weighted average exercise price of share options is as follows:

	The Group					
	2025			2024		
In thousands of options	**Weighted average exercise price (pence)**	**Number of options**	**Number of nil price options**	Weighted average exercise price (pence)	Number of options	Number of nil price options
Outstanding at the beginning of the year	**474**	**4,509**	**2,356**	527	5,132	2,229
Forfeited during the year	**462**	**(2,835)**	**(757)**	542	(1,644)	(481)
Exercised during the year	**–**	**–**	**(523)**	706	(19)	(458)
Granted during the year	**483**	**3,313**	**1,191**	724	1,040	1,066
Outstanding at the end of the year	**569**	**4,987**	**2,267**	474	4,509	2,356
Exercisable at the end of the year	**488**	**252**	**152**	547	39	75

The weighted-average share price on the date of exercise of options exercised in the period was 529 pence (2024: 896 pence).

Details of the options outstanding at 31 December are as follows:

	2025		2024		
	SAYE	**Nil price options**	Executive options	SAYE	Nil price options
Range of exercise prices (pence)	**483 – 1,411**	**–**	898 – 1,958	690 – 1,411	–
Weighted average exercise price (pence)	**567**	**–**	1,304	717	–
Number of shares (thousands)	**4,979**	**2,267**	14	4,530	2,349
Weighted average expected remaining life (years)	**2.7**	**1.7**	–	2.1	1.6
Weighted average contractual remaining life (years)	**3.2**	**11.7**	–	2.6	11.6

d. Impact of vesting and exercise

If all SAYE shares are acquired on the first possible day, 4.7m of shares will be issued for a consideration of £23.8m in the years below:

	No. m					£m				
	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
Options	0.5	0.5	1.2	–	–	–	–	–	–	–
SAYE	0.7	0.6	2.7	0.1	0.6	5.0	4.4	13.4	0.5	0.5

The previous table shows theoretical amounts. For the Group to receive the cash indicated in the periods shown, the following must occur:

- All performance conditions on executive share options must be fully met.
- Options must be exercised on the day they vest (option holders generally have a seven-year period post vesting to exercise the option).
- The share price at the exercise date for SAYE options must exceed the exercise price and every holder must exercise.
- All option/SAYE holders must remain with the Group, or leave on good terms.

If none of the requirements are met then the Group will receive no consideration.

33. Key management personnel

The remuneration of 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	**9.1**	10.9
Post-employment benefits	**0.5**	0.5
Share-based payments	**0.8**	3.8
	10.4	15.2

34. Related party transactions

The Group has a related party relationship with its subsidiaries, its Directors and with its pension schemes (note 18). Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2025

OTHER

35. Impact of new standards and interpretations

A number of new or amended standards became applicable for the current reporting period and as a result the Group has applied the following standards:

- Amendments to IAS 21 – Lack of exchangeability.

The above requirements did not have a material impact on the Group and have been adopted without restating comparatives.

At the date of the approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue, but not yet effective:

- IFRS 18 – Presentation and disclosure in financial statements (effective for annual periods beginning on or after 1 January 2027)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- Annual improvements to IFRS – Volume 11 (effective for annual periods beginning on or after 1 January 2026)
- Amendments to IFRS 9 and IFRS 7: Contract Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026)
- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026)

The Directors anticipate that adoption of these standards and amendments in future periods will not have a significant impact on the financial statements of the Group with the exception of IFRS 18 and amendments to IFRS 9 as explained below.

IFRS 18 – Presentation and disclosure in financial statements was issued in April 2024 and formally adopted for use in the UK in December 2025 by the UK Endorsement Board (UKEB). The standard replaces IAS 1 – Presentation of Financial Statements with restatement required for comparatives. There is no impact on the Group's 2025 Annual Report and Accounts.

The impact of the standard is currently being assessed and while recognition and measurement will remain the same, key areas of presentation which will be impacted are:

- The presentation of the income statement will require all items of income and expense to be classified into one of five categories: investing, financing, operating, income taxes and discontinued operations, along with revised mandatory sub-totals.
- The cash flow statement will use operating profit as a starting point following the addition of this as a required income statement sub-total.
- Enhanced disclosure requirements around management-defined performance measures.
- Revised principals for aggregation and disaggregation in the financial statements.
- In the transition year a reconciliation disclosure is required for each line in the income statement for the comparative period, from amounts previously presented under IAS 1 to the revised presentation under IFRS 18.

An amendment effective to IFRS 9 – Financial Instruments has been introduced focusing on the derecognition of financial assets and liabilities that are settled through electronic payments. The introduction of this standard will affect the timings of the Group's derecognition of certain financial assets. Had it been in effect as at 31 December 2025, the Group's trade receivables balance would have been £8.2m higher and the Group's cash and cash equivalents balance would have been £8.2m lower.

COMPANY BALANCE SHEET

As at 31 December 2025

£m	Notes	2025	2024
Assets			
Non-current assets			
Investment in subsidiaries	2	**2,450.1**	2,416.7
Derivative financial instruments	8	**1.3**	3.8
Total non-current assets		**2,451.4**	2,420.5
Current assets			
Debtors	4	**123.9**	200.5
Cash and cash equivalents, excluding bank overdrafts		**395.6**	201.1
Total current assets		**519.5**	401.6
Total assets		**2,970.9**	2,822.1
Equity and liabilities			
Capital and reserves			
Issued capital		**23.8**	23.8
Share premium account		**545.6**	545.6
Cash flow hedge reserve		**0.5**	2.5
Merger reserve		**326.5**	326.5
Own shares		**(3.9)**	(7.2)
Capital redemption reserve		**1.4**	1.4
Accumulated profits		**1,451.2**	1,269.6
Total equity	5	**2,345.1**	2,162.2
Non-current liabilities			
Interest-bearing loans and borrowings	6	**419.4**	421.8
Derivative financial instruments		**3.1**	–
Total non-current liabilities		**422.5**	421.8

£m	Notes	2025	2024
Current liabilities			
Interest-bearing loans and borrowings	6	**7.2**	13.2
Derivative financial instruments	8	**0.1**	–
Amounts due to subsidiaries	7	**191.9**	209.2
Other creditors	9	**4.1**	15.7
Total current liabilities		**203.3**	238.1
Total liabilities		**625.8**	659.9
Total equity and liabilities		**2,970.9**	2,822.1

The Company's profit for the year was £205.9m (2024: loss of £28.8m), and total comprehensive income for the year was £203.9m (2024: loss of £28.5m).

The accompanying notes form an integral part of these financial statements.

The financial statements of Travis Perkins plc, registered number 824821, were approved by the Board of Directors on 16 March 2026 and signed on its behalf by:

Gavin Slark
Director

Duncan Cooper
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

£m	Share capital	Share premium	Merger reserve	Hedging reserve	Own shares	Capital redemption reserve	Retained earnings	Total equity
At 1 January 2024	23.8	545.6	326.5	2.9	(14.1)	1.4	1,317.2	2,203.3
Loss and total comprehensive loss for the year	–	–	–	0.3	–	–	(28.8)	(28.5)
Dividends	–	–	–	–	–	–	(23.2)	(23.2)
Sale of own shares	–	–	–	–	0.1	–	–	0.1
Own shares movement	–	–	–	–	6.8	–	(6.8)	–
Equity-settled share-based payments net of tax	–	–	–	–	–	–	11.7	11.7
Exercise of options over non-controlling interest	–	–	–	–	–	–	(1.2)	(1.2)
Reclassifications	–	–	–	(0.7)	–	–	0.7	–
At 31 December 2024	**23.8**	**545.6**	**326.5**	**2.5**	**(7.2)**	**1.4**	**1,269.6**	**2,162.2**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**(2.0)**	**–**	**–**	**205.9**	**203.9**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(28.6)**	**(28.6)**
Own shares movement	**–**	**–**	**–**	**–**	**3.3**	**–**	**(3.3)**	**–**
Equity-settled share-based payments net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**7.6**	**7.6**
At 31 December 2025	**23.8**	**545.6**	**326.5**	**0.5**	**(3.9)**	**1.4**	**1,451.2**	**2,345.1**

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

For the year ended 31 December 2025

GENERAL INFORMATION

Overview

Travis Perkins plc is the ultimate parent of the Travis Perkins plc Group ("the Group"). The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 6 to 25. The Company is incorporated and is domiciled in the United Kingdom, England and Wales, as a public limited company under the Companies Act 2006. The address of the registered office is Ryehill House, Rye Hill Close, Lodge Farm Industrial Estate, Northampton, NN5 7UG.

These financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Group operates.

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and as such these financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by section 408 of the Companies Act 2006, the income statement of the Company has not been presented.

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

- The requirements of IFRS 2 "Share Based Payments" in respect of group settled share-based payments
- The requirements of IFRS 7 "Financial Instruments: Disclosures".
- The requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement".
- The requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of paragraph 79(a)(iv) of IAS 1.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 "Presentation of Financial Statements".
- The requirements of IAS 7 "Statement of Cash Flows".
- The requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error".
- The requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures".
- The requirements in 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.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 "Impairment of Assets".

Where required, equivalent disclosures are given in the consolidated financial statements of Travis Perkins plc.

Basis of preparation

The financial statements have been prepared on the historical cost basis, except that derivative and other financial instruments and contingent consideration arising from business combinations are stated at fair value through profit and loss and also designated financial instruments are stated at fair value through other comprehensive income.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Going concern

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing this Annual Report and Accounts. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

In arriving at their opinion the Directors considered:

- The Group's cash flow forecasts and revenue projections.
- The impact on trading performance of severe but plausible downside scenarios. Key assumptions include significant reductions in revenue and limited reductions in fixed overheads, as well as mitigating actions such as delayed capital expenditure, reduced overhead investment and dividends.
- The committed debt facilities available to the Group and the covenants thereon.
- The Group's debt maturity profile and the successful issuance of £125m of new debt in March 2025 and £125m in November 2025.
- The Group's robust policy towards liquidity and cash flow management.
- The Group's ability to successfully manage the principal risk and uncertainties outlined on pages 52 to 59 during periods of uncertain economic outlook and challenging macroeconomic conditions.

The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios based on a severe recession and housing market weakness, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least the next 12 months from the date of approval of these financial statements. The going concern assessment is not sensitive to estimates on inflation.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

GENERAL INFORMATION continued

Material accounting policies

The principal accounting policies adopted in preparing the financial statements are provided throughout the notes to the financial statements.

Material accounting policies

Key judgements and estimates, including those that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are found in the following notes:

Page	Note	Description
158	2	Impairment review for investments in subsidiaries

Those listed above are key sources of estimation uncertainty for the Group.

Standards issued but not yet effective

New standards, amendments and interpretations which are in issue but not yet effective are not expected to have a material impact on the Company's financial statements.

1. Income statements disclosures

The audit fee for the Company and the consolidated financial statements is disclosed in note 4(b) of the Group consolidated financial statements. Fees payable to Deloitte LLP for audit and non-audit services to the Company are not required to be disclosed because the Group financial statements disclose such fees on a consolidated basis. Details of the Company's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Audit Committee report.

Staff costs (including Directors):

£m	2025	2024
Wages and salaries	**5.2**	5.7
Social security costs	**0.5**	0.7
Other pension costs	**0.1**	0.2
Share-based payments (note 11)	**0.7**	4.3
	6.5	10.9

The average monthly number of persons employed including Directors during the year was 51 (2024: 50).

2. Investments in subsidiaries

Accounting policy

Investments in subsidiaries are carried at cost less impairment.

£m	2025	2024
Cost		
At 1 January	**3,642.6**	3,147.8
Additions	**33.4**	494.8
At 31 December	**3,676.0**	3,642.6
Provision for impairment		
At 1 January & 31 December	**(1,225.9)**	(1,225.9)
Net book value at 31 December	**2,450.1**	2,416.7

The additions to investments in 2025 represent the capitalisation of intercompany loans as part of the Group's ongoing project to simplify its legal structure.

The investment balance principally relates to the Company's investment in Travis Perkins Group Holdings Limited, which indirectly holds all of the Group's operating businesses, the investment balance is therefore supported by the recoverable amounts calculated in the impairment reviews (note 28 to the consolidated financial statements), resulting in headroom of £259.4m.

Whilst the Directors believe the assumptions used within the impairment reviews are realistic, there are reasonably possible changes in the key assumptions that would cause the recoverable amount of the Company's investment in Travis Perkins Group Holdings Limited to be lower than the carrying amount. Consistent with the sensitivity disclosures on key assumptions within note 28 to the consolidated financial statements, if pre-tax discount rate increased by 100bps, sales growth reduced by 5% and operating margin reduced by 50 bps within the value in use calculations, the carrying amount of the Company's investment in Travis Perkins Group Holdings Limited would be impaired by £939.0m.

A full listing of all related undertakings is provided in note 10.

3. Deferred tax

£m (Asset)/liability:	At 1 Jan 2025	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 31 Dec 2025
Share-based payments	**(1.5)**	**0.2**	**0.1**	**-**	**(1.2)**
Cash flow hedge	**0.8**	**-**	**-**	**(0.9)**	**(0.1)**
Other timing differences	**(0.2)**	**-**	**-**	**-**	**(0.2)**
	(0.9)	**0.2**	**0.1**	**(0.9)**	**(1.5)**

£m (Asset)/liability:	At 1 Jan 2024	Recognised in income	Recognised in equity	Recognised in other comprehensive income	At 31 Dec 2024
Share-based payments	(2.0)	0.6	(0.1)	–	(1.5)
Cash flow hedge	0.7	–	–	0.1	0.8
Other timing differences	(0.2)	–	–	–	(0.2)
	(1.5)	0.6	(0.1)	0.1	(0.9)

4. Debtors

Accounting policy

Debtors are originally recognised at fair value. Subsequent to the initial recognition they are measured at amortised cost using the effective interest rate method.

£m	2025	2024
Current:		
Amounts owed by subsidiaries	**90.4**	155.9
Other financial assets – loan notes	**-**	1.7
Other debtors	**33.5**	42.9
	123.9	200.5

Amounts owed by subsidiaries include loans and other balances. The loans are interest-free and repayable on demand and expected to be settled within the next 12 months. Intercompany receivables are measured at amortised cost.

Management considers that the intercompany balances have low credit risk. This judgement is based on the related parties' strong capacity to meet their contractual cash flow obligations in the near term and an assessment of the support available to them within the wider Group. Consequently, impairment loss is considered to be highly immaterial.

5. Share capital and reserves

Accounting policy

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of directly attributable incremental issue costs.

a. Share capital

Ordinary shares of 11.2p (authorised, issued and fully paid)	No.	£m
At 1 January and December 2025	212,509,334	23.8

The Company has one class of ordinary share that carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. See Group note 19 for the explanation of movements in share capital and own shares.

b. Own shares

	2025	2024
At 1 January	**1,192,183**	1,668,682
Reissued	**(523,060)**	(476,499)
At 31 December	**669,123**	1,192,183

The own shares held by the Employee Share Ownership Trust are to satisfy options under the Group's share option schemes. None of the own shares have been allocated to grants of executive options and all rights attaching to the shares are suspended until the shares are reissued.

c. Reserves

A description of the nature and purpose of each reserve is given below:

- The share premium represents the amounts above the nominal value received for shares sold.
- The cash flow hedge reserve represents the cumulative gain or loss on the fair value of effective hedging instruments used in cash flow hedges which have not yet been reclassified to profit or loss.
- The merger reserve represents the premium on equity instruments issued as consideration for the acquisition of BSS.
- The own shares reserve represents the cost of shares purchased in the market and held by the Employee Share Ownership Trust to satisfy options under the Group's share option schemes.
- The capital redemption reserve arises as a result of the share buybacks and the subsequent cancellation of shares.
- Retained earnings represents cumulative results for the Company.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS continued

For the year ended 31 December 2025

GENERAL INFORMATION continued

5. Share capital and reserve continued

c. Reserves continued

Distributable reserves

The distributable reserves accessible to the Company broadly approximate its accumulated profits. When required the Company can receive dividends from its subsidiaries to increase the available distributable reserves.

6. Interest-bearing loans and borrowings

Accounting policy

Interest-bearing bank loans and overdrafts, loan notes and other loans are recognised in the balance sheet at amortised cost. Finance charges associated with arranging non-equity funding are recognised in the income statement over the life of the facility. All other borrowing costs are recognised in the income statement in accordance with the effective interest rate method.

Details of the interest-bearing loans and borrowings are given in note 22 to the consolidated financial statements.

7. Amounts due to subsidiary undertakings

Amounts due to subsidiary undertakings of £191.9m (2024: £209.2m) relate to loans and other balances and are classified as current liabilities. These loans are interest-free and repayable on demand. Intercompany payables are measured at amortised cost.

8. Financial instruments and risk management

The Company's derivative financial instruments that are measured at fair value are as disclosed in note 27 to the consolidated financial statements. All interest rate swaps and cross currency swaps were designated in cash flow hedges. For details of the Group's hedging instruments see note 27 of the Group financial statements.

9. Other creditors

Accounting policy

Other creditors are measured at amortised cost. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

£m	2025	2024
Other creditors	**1.9**	11.0
Accruals	**2.2**	4.7
	4.1	15.7

10. Related undertakings

The registered office of all subsidiary undertakings is Ryehill House, Rye Hill Close, Lodge Farm Industrial Estate, Northampton, NN5 7UG, except for companies with a superscript where the registered office is given after the list of subsidiary companies and investments.

Active subsidiary companies (100% ownership and UK registered)

CCF Limited
Keyline Civils Specialist Limited[1]
The BSS Group Limited
The Cobtree Scottish Limited Partnership[1]
Tools & Fastener Solutions Limited
TP Property Company Limited
Travis Perkins (Properties) Limited
Travis Perkins Trading Company Limited
Toolstation Europe Limited
Toolstation Limited

Dormant & non-trading subsidiary companies (100% ownership and UK registered)

Benchmarx Kitchens and Joinery Limited
British Steam Specialties (International) Limited (The)
BSS (UK) Limited
Builders Mate Limited
E. East & Son Limited
JS Towell Limited*[2]
Terant Supplies Limited
Tile Giant Holdings Limited
Toolstation Holdings Limited
Travis Perkins Group Holdings Limited
TP Directors Ltd
TP General Partner (Scotland) Limited[1]
TPG Management Services Limited
Travis Group Limited
Travis & Arnold Limited
Travis Limited
Travis Perkins Capital Partner Limited
Travis Perkins Financing Company No.3 Limited
Travis Perkins Merchant Holdings Limited
Travis Perkins P&H Group Holdings Limited

* Companies in voluntary liquidation.

Other subsidiary companies (100% ownership and non-UK registered)

Company Name	Registered	% Ownership	Status
BSS (Ireland) Limited[3]	Ireland	100	Active
Toolexpert Benelux BV[4]	Netherlands	100	Active
Toolstation BV[4]	Netherlands	100	Active
Toolstation NV/SA[5]	Belgium	100	Active
Toolstation Europe BV[4]	Netherlands	100	Active
Toolstation Netherlands BV[4]	Netherlands	100	Dormant
Toolstation SAS[6]	France	100	Active
Travis Perkins Hong Kong Limited[7]	Hong Kong	100	Active
Travis Perkins Sourcing (Shanghai) Ltd[8]	Shanghai	100	Active

Investments

Company Name	Registered	% Ownership	Status
Hermitage Park Management Company Limited[9]	United Kingdom	25	Active

Registered offices (not Ryehill House)

1 50 Mauchline Street, Glasgow, G5 8HQ, United Kingdom

2 C/O Forvis Mazars LLP, 1st Floor Two Chamberlain Square, Birmingham, B3 3AX, United Kingdom

3 White Heather Industrial Estate, South Circular Road, Dublin, 8, Ireland

4 Brandpuntlaan Zuid 12, 2665NZ, Bleiswijk, Netherlands

5 Boomsesteenweg 58, 2630 Aarlselaar, Belgium

6 61 Route de Grenoble, 69800 Saint Priest, Lyon, France

7 Suite 2401, 24/F, China Insurance Group Building, 141 Des Voeux Road, Central, Hong Kong

8 Building No.17, No. 800 Changde Road, JingAn District, Shanghai 200040

9 C/O Bruton Knowles Llp 2 Paris Parklands, Railton Road, Guildford, Surrey, United Kingdom, GU2 9JX

11. Share-based payments

The Company operates a number of share incentive plans. A description of the share schemes operated by the Group, including that of the Company, is contained in the Remuneration report on page 78 and pages 91 to 92 and in note 32 to the consolidated financial statements.

12. Related party transactions

The Company has a related party relationship with its subsidiaries, its Directors and with its pension schemes. In addition the remuneration of the Directors, and the details of their interests in the share capital of the Company are provided in the audited part of the Remuneration report on pages 88 to 92. Other than the payment of remuneration there have been no related party transactions with Directors.

Details of balances outstanding with subsidiary companies are shown in notes 4 and 7 and in the balance sheet on page 155.

FIVE-YEAR SUMMARY

CONSOLIDATED INCOME STATEMENT

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	**4,564.6**	4,607.4	4,837.1	4,994.8	4,568.7
Adjusted operating profit	**133.4**	151.8	198.1	295.3	352.8
Amortisation of acquisition-related intangible assets	**(7.8)**	(10.4)	(10.5)	(10.5)	(11.1)
Adjusting items – operating	**(222.2)**	(139.1)	(26.9)	–	6.8
Operating (loss)/profit	**(96.6)**	2.3	160.7	284.8	348.5
Net finance costs	**(38.1)**	(40.7)	(39.3)	(39.8)	(42.9)
(Loss)/profit before tax	**(134.7)**	(38.4)	121.4	245.0	305.6
Adjusting items – deferred tax	**(27.2)**	–	–	–	(4.7)
Other tax	**(14.4)**	(2.2)	(31.9)	(52.8)	(60.1)
Net (loss)/profit from continuing operations	**(176.3)**	(40.6)	89.5	192.2	240.8
Net (loss)/profit from discontinued operations	**–**	(36.8)	(51.4)	–	38.1
(Loss)/profit for the period	**(176.3)**	(77.4)	38.1	192.2	278.9
Basic (loss)/earnings per share from continuing operations	**(83.3)p**	(19.2)p	42.5p	90.8p	103.9p
Basis (loss)/earnings per share from discontinued operations	**–**	(17.4)p	(24.4)p	–	16.4p
Adjusted earnings per share	**30.8p**	36.6p	54.4p	94.6p	107.3p
Dividend declared per ordinary share	**12.0p**	14.5p	18.0p	39.0p	73.0p
Number of branches at 31 December (includes branches of associates)	**1,426**	1,421	1,507	1,484	1,513
Average number of colleagues	**17,386**	17,594	18,831	19,956	18,833

CONSOLIDATED FREE CASH FLOW STATEMENT

£m	**2025 £m**	2024 £m	2023 £m	2022 £m	2021 £m
Profit/(loss) before tax	**(134.7)**	(38.4)	121.4	245.0	305.6
Less: Net interest	**38.1**	40.7	39.3	39.8	42.9
Adjusting items	**222.2**	139.1	26.9	–	(6.8)
Amortisation of acquisition-related intangible assets	**7.8**	10.4	10.5	10.5	11.1
Profit on disposal of properties	**(9.9)**	(11.3)	(15.1)	(25.3)	(48.9)
Adjusted operating profit excluding property profits	**123.5**	140.5	183.0	270.0	303.9
Depreciation of property, plant and equipment	**66.0**	79.8	79.1	73.6	69.2
Amortisation of internally generated intangibles	**3.7**	3.6	4.6	6.5	9.7
Share-based payments	**7.7**	11.7	14.6	17.0	19.1
Movement on working capital	**135.1**	5.5	(22.6)	(76.5)	(151.8)
Other net interest paid	**(20.2)**	(19.5)	(25.0)	(16.9)	(13.6)
Interest on lease liabilities	**(29.7)**	(29.6)	(25.6)	(21.5)	(21.2)
Income tax paid	**(21.7)**	(20.9)	(40.7)	(57.6)	(59.9)
Capital expenditure excluding freehold purchase	**(60.2)**	(63.8)	(107.2)	(110.0)	(95.0)
Disposal of plant and equipment	**0.7**	1.2	2.0	10.1	4.4
Free cash flow	**204.9**	108.5	62.2	94.7	64.8

FIVE-YEAR SUMMARY continued

CONSOLIDATED BALANCE SHEET

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Assets					
Non-current assets					
Property, plant and equipment	**655.0**	771.1	848.4	847.3	800.1
Goodwill and other intangible assets	**786.7**	908.2	947.8	974.9	978.7
Right-of-use assets	**512.8**	545.4	530.4	451.7	439.8
Other receivables	**12.0**	15.3	14.2	17.2	0.7
Retirement benefit asset	**118.1**	116.9	100.6	135.9	275.8
Derivative financial instruments	**1.3**	3.3	2.9	4.3	–
Deferred tax asset	**–**	17.5	18.0	15.0	13.9
Current assets					
Inventories	**666.9**	648.6	727.6	727.8	724.4
Trade and other receivables	**630.7**	760.5	689.6	725.9	706.7
Tax debtor	**0.4**	–	14.5	0.7	–
Derivative financial instruments	**–**	–	–	–	0.2
Cash and cash equivalents	**426.9**	244.4	131.5	235.7	459.8
Total assets	**3,810.8**	4,031.2	4,025.5	4,136.4	4,400.1
Capital and reserves					
Issued capital	**23.8**	23.8	23.8	23.8	25.2
Share premium account	**545.6**	545.6	545.6	545.6	545.6
Merger reserve	**326.5**	326.5	326.5	326.5	326.5
Own shares	**(3.9)**	(7.2)	(14.1)	(34.3)	(61.4)
Other reserves	**20.3**	19.5	23.5	27.4	14.6
Accumulated profits	**864.0**	1,065.9	1,135.0	1,213.2	1,387.3
Total equity	**1,776.3**	1,974.1	2,040.3	2,102.2	2,237.8

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Non-current liabilities					
Interest-bearing loans and borrowings	**419.4**	421.8	445.1	349.1	575.2
Lease liability	**532.7**	560.1	518.8	438.3	414.7
Derivative financial instruments	**3.1**	–	–	–	–
Long-term provisions and other payables	**14.0**	21.6	3.8	4.9	6.8
Deferred tax liabilities	**63.7**	68.3	92.8	96.0	140.4
Current liabilities					
Interest-bearing loans and borrowings	**7.2**	–	–	192.5	–
Lease liability	**88.7**	94.5	89.6	74.3	74.5
Overdraft	**–**	13.2	–	–	–
Derivative financial instruments	**0.1**	–	0.4	0.2	–
Trade and other payables	**864.2**	838.2	795.4	852.4	921.1
Tax liabilities	**–**	–	–	–	0.4
Short-term provisions	**41.4**	39.4	39.3	26.5	29.2
Total liabilities	**2,034.5**	2,057.1	1,985.2	2,034.2	2,162.3
Total equity and liabilities	**3,810.8**	4,031.2	4,025.5	4,136.4	4,400.1