

Lords Group Trading plc
(‘Lords’, the ‘Company’ or the ‘Group’)

Interim Results

‘Resilient H1 revenue, with operational actions underway to improve performance and reduce leverage’

Lords (AIM:LORD), a leading distributor of building materials in the UK, today announces its unaudited Interim Results for the six months ended 30 June 2026 (‘H1 2026’ or the ‘Period’).

H1 2026 Summary

Financial performance

- Group revenue for the Period remained stable at £232.1 million (H1 2025: £232.1 million), with contributions from new Merchanting branches and CMO offsetting weaker underlying demand in end markets.
- Group like-for-like revenue declined by 6.8%, reflecting continued weakness in construction, RMI and plumbing and heating markets.
- Gross margin increased to 20.2% (H1 2025: 19.3%)
- Adjusted EBITDA¹ before property gains of £8.4 million (H1 2025: £10.4 million), with a margin of 3.6% (H1 2025: 4.5%).
- Net debt³ of £26.5 million at 30 June 2026 (30 June 2025: £20.9 million)

Operational progress

- Merchanting improved sequentially, with the like-for-like decline moderating from 4.9% for H1 2026 to 2.3% in Q2 2026.
- CMO revenue increased by approximately 17.5% and the business delivered positive EBITDA.
- Plumbing & Heating spares revenue increased by approximately 8%.
- Decisive restructuring actions implemented within Plumbing & Heating, including depot rationalisation, reducing operating expenses by £1.5 million annualised.

Priorities and outlook

- Focused improvement plans are in place across every operating business, with emphasis on market-share increase, margin discipline, working capital improvement, carefully controlled capital expenditure and net debt reduction.

H1 2026 Financial Performance

ADJUSTED RESULTS	H1 2026	H1 2025	Change
Revenue	£232.1m	£232.1m	-
Adjusted EBITDA ¹ before property gains	£8.4m	£10.4m	(19.2%)
Adjusted EBITDA margin before property gains	3.6%	4.5%	(90 bps)
Adjusted operating profit before property gains ²	£2.3m	£4.5m	(48.9%)
Adjusted (loss)/profit before tax ²	(£1.2m)	£3.1m	n/a
Adjusted diluted (loss)/earnings per share ²	(0.70p)	1.35p	n/a
Interim dividend per share	-	0.32p	n/a
 STATUTORY RESULTS	 H1 2026	 H1 2025	 Change
Revenue	£232.1m	£232.1m	-
Operating (loss)/profit	(£3.1m)	£3.7m	n/a
(Loss)/profit before tax	(£6.9m)	£0.6m	n/a
Basic (loss)/earnings per share	(3.30p)	0.14p	n/a
Net debt ³	£26.5m	£20.9m	26.6%

¹ Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and impairment charges, excluding adjusting items (note 7).

² Adjusted operating profit, adjusted profit before tax and adjusted diluted earnings per share is operating profit, profit before tax and diluted earnings per share excluding adjusting items.

³ Net debt defined as cash less borrowings before lease liabilities.

Shanker Patel, Chief Executive Officer of Lords, commented:

"The Group delivered resilient revenue in the first half despite continued weakness across a number of our end markets and a particularly challenging period for Plumbing & Heating. Encouragingly, Merchanting performance improved through the second quarter, CMO delivered positive EBITDA and our Spares business continued to grow.

"We have responded decisively to the slower market recovery. In Plumbing & Heating, we have rationalised the depot network, reducing costs and implementing a focused customer recovery programme aimed at improving service levels, re-engaging inactive accounts and recovering market share. Across the Group, our immediate priorities are improving operational execution, converting profit into cash and reducing leverage.

"Market conditions are challenging and the timing of a market recovery remains uncertain, the actions now underway are intended to strengthen the Group and position Lords to deliver sustainable shareholder value as demand recovers. Whilst full details of the recently announced UK government help to buy home scheme, and its potentially positive impacts on the Group's end markets, remain to be confirmed, the Board continues to expect the Group performance for the full year to be in line with market expectations."

- Ends -

FOR FURTHER ENQUIRIES:

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Notes to editors:

Lords is a specialist distributor of building, plumbing, heating and DIY goods. The Group principally sells to local tradesmen, small to medium sized plumbing and heating merchants, construction companies and retails directly to the general public. The Group operates through the following three divisions:

- Merchanting: supplies building materials and DIY goods through its network of merchant businesses and online platform capabilities. It operates both in the 'light side' (Building Materials and Timber) and 'heavy side' (Civils and Landscaping), through 33 locations in the UK.
- Plumbing and Heating: a specialist distributor in the UK of plumbing and heating products to a UK network of independent merchants, installers and the general public. The division offers its customers an

attractive proposition through a multi-channel offering, operating in 15 locations enabling nationwide next-day delivery service.

- Digital: CMO Superstores provides an online route to market from nine specialist websites for construction and plumbing & heating customers.

Lords was established in 1982 as a family business with its first retail unit in Gerrards Cross, Buckinghamshire. Since then, the Group has grown to a business operating from 50 sites.

For additional information, please visit www.lordsgrouptradingplc.co.uk

Chief Executive Officer's Review

On behalf of the Board, I am pleased to report the Group's unaudited Interim Results for the six months ended 30 June 2026.

Overview

The first half of 2026 was characterised by continued challenging conditions across a number of the Group's end markets. Activity in new housing remained subdued and repair, maintenance and improvement ('RMI') demand was softer than anticipated, while conditions within the wholesale plumbing market were particularly difficult.

Against this backdrop, Group revenue was £232.1 million, in line with the £232.1 million reported in H1 2025, with contributions from new branches opened since the beginning of 2025 and CMO substantially offsetting weaker underlying demand; Group like-for-like ('LFL') revenue, adjusted for trading days, declined by 6.8%. Profitability was lower year-on-year due to lower volumes, increasing the importance of cash generation and balance-sheet discipline.

As reported on publication of the Company's 2025 final results in May, our end markets have remained subdued. Management has therefore increased the pace of operational improvement activity, with a clear focus on sales execution, margin, cost, working capital and capital discipline.

As volumes recover, we expect to benefit from significantly increased operating leverage as a result of the strategic progress made. With much of our cost base now established, incremental future revenue increases should translate into a disproportionate increase in profitability.

Merchanting

Merchanting experienced a challenging start to the year, reflecting poor weather conditions and the continued weakness in construction activity, particularly in markets with greater exposure to new-build housing.

Revenue for the division was £112.3 million compared with £117.7 million in H1 2025. LFL revenue improved progressively after February 2026, and the rate of decline moderated to 2.3% in the second quarter, compared to a reduction of 4.9% for H1 2026, as a whole.

This improving trajectory reflects a gradual stabilisation in customer activity alongside the benefits of commercial and operational initiatives implemented across the division.

Performance varied across the portfolio. Lords Builders Merchants and George Lines both delivered positive LFL growth during the period, supported by their customer propositions and local market positions, while businesses with greater exposure to new-build housing remained more challenging.

The division is focused on increasing sales intensity, improving gross margin discipline, tightly controlling operating costs and ensuring that each branch delivers an appropriate return on capital employed.

Plumbing and Heating

The Plumbing & Heating division had a challenging first half. Revenue reduced to £96.4 million from £112.2 million in the comparable period, representing a LFL decline of 13.3%. As previously highlighted, the division did not benefit from the exceptional boiler market volumes experienced in March 2025, while the wider UK boiler market is estimated to have contracted by approximately 3% to 4%.

Within APP, performance was impacted by lower market share as we targeted value over volume. We have responded with a depot rationalisation, which reduces operating expenses by £1.5 million annualised, and strengthened the commercial team. A focused customer recovery programme is being implemented to improve service levels, re-engage inactive accounts and recover market share.

Importantly, the Plumbing & Heating division operates more broadly than just in traditional boiler activities. Spares revenue increased by approximately 8% during the period, benefitting from the resilient nature of repair and maintenance demand. Renewables also continued to progress, reflecting increasing customer adoption of low-carbon heating technologies.

These specialist categories remain strategically important and increase the division's exposure to markets with stronger structural characteristics.

Digital

CMO has made significant progress since its acquisition in June 2025. Revenue increased by approximately 17.5% compared to H1 2026 and the business delivered positive EBITDA. The initial integration programme focused on restoring volumes, simplifying the operating model and reducing the cost base. Management is now focused on sustainable revenue growth, further margin improvement and increased operational efficiency.

The return to positive EBITDA is an important milestone and reflects a more efficient cost base, greater operational discipline and the actions taken to restore the business following acquisition.

Further opportunity remains to improve profitability, develop the product proposition and increase operational efficiency as the business moves into the next phase of its development.

Cash generation and operational improvement

Given the slower-than-anticipated market recovery, we have increased the pace and intensity of the Group's operational improvement programme.

Each operating business has developed a focused improvement plan covering sales growth, gross margin, cost reduction, working capital and organisational effectiveness, with clearer ownership and regular Executive team review of delivery.

Capital allocation is also being tightly managed. Near-term priorities are to improve operational execution, convert profit into cash and reduce leverage through working capital discipline, restricted capital expenditure and delivery of the business improvement plans.

These actions are intended to strengthen returns and balance sheet resilience while preserving the Group's ability to benefit from improving market conditions.

Our people

Periods of difficult trading place additional demands on our colleagues, and I would like to thank everyone across Lords for their continued commitment and hard work.

Our decentralised operating model remains an important strength. Our businesses succeed through the relationships our colleagues build with customers and suppliers with nimble decision making based on deep knowledge of the markets we serve.

At the same time, we are strengthening accountability across the Group, with clearer ownership of performance improvement initiatives and more frequent measurement of delivery.

Outlook

Trading in Merchanting improved during Q2 2026, but activity across our markets remains below the levels we had anticipated at the beginning of the year. We expect the recovery across our end markets to be more gradual than previously assumed. Our priorities for the remainder of the year are to increase market share within Plumbing & Heating, build on the improving momentum within Merchanting, deliver further benefits from CMO, grow our specialist businesses and convert profit into cash.

The Group retains established positions in fragmented markets. The operational improvements now underway, together with exposure to the long-term drivers of housing repair and maintenance, infrastructure and lower-carbon heating, are intended to position Lords for sustainable value creation as demand recovers.

Shanker Patel

Chief Executive Officer

30 September 2026

Chief Financial Officer Review

Financial review

Group revenue for the six months ended 30 June 2026 was flat at £232.1 million (H1 2025: £232.1 million), with contributions from four new branches opened since the beginning of 2025 and CMO, acquired in June 2025, substantially offsetting weaker underlying trading. Group LFL revenue, adjusted for trading days, declined by 6.8%. Lower volumes were only partly offset by price and mix, resulting in lower profitability compared with both the prior year and our expectations entering 2026.

Adjusted EBITDA before property gains for the period was £8.4 million compared with £10.4 million in H1 2025, with adjusted EBITDA margin reducing to 3.6% from 4.5%. Adjusted operating profit was £2.3 million and adjusted loss before tax was £1.2 million.

Reported operating loss was £3.1 million after charging adjusting items of approximately £5.7 million, principally relating to restructuring activities, depot consolidation in P&H, redundancy costs and acquisition-related non-cash amortisation.

Gross margin and operating expenses

Group gross margin was 20.2% compared to 19.3% in the prior period reflecting pricing discipline and improved gross margin in Plumbing & Heating. Management continued to focus on improving procurement, product mix and branch-level gross margin management as part of the business improvement plans.

Cost control remained a significant focus. On an underlying basis, excluding the impact of new branches and CMO, the Group's operating cost base reduced year-on-year by 1.9%.

Adjusting items

Adjusting items during the period are set out below:

	H1 2026 £m	H1 2025 £m
Business combination charges and amortisation of acquired intangibles	2.0	2.1
Depot rationalisation in P&H	2.1	-
Restructuring and redundancy	1.3	-
Share-based payments	-	0.4
Arrangement fees following refinancing	0.3	-
	5.7	2.5

Business combination charges and amortisation of acquired intangibles were similar to prior period at £2.0 million. In H1 2026, the Group incurred costs associated with the depot rationalisation at P&H of £2.1 million and restructuring, redundancy costs as Condell was rationalised, and further costs initiatives implemented across all divisions.

The Board continues to assess adjusting items carefully to ensure that the presentation of adjusted results provides shareholders with a clear understanding of underlying trading performance.

Cash flow, working capital and capital expenditure

Cash management remains a significant priority. Net debt increased as the December 2025 position unwound and as a result of the typical first half seasonal investment in working capital. A proportion of the first half working capital investment is expected to unwind during the second half.

June 2026 delivered a strong working capital inflow, and further initiatives are underway across the Group to optimise inventory, enhance receivables collection and improve supplier terms.

Capital expenditure is being tightly controlled, and, for the remainder of 2026, expenditure will be prioritised towards essential maintenance and projects offering clear financial returns.

Net debt and liquidity

Net debt at 30 June 2026 was £26.5 million, compared with £20.9 million on 30 June 2025. On 2 April 2026, the Group refinanced its banking facilities, which are committed until 1 April 2029, with extension options. The facilities comprise a £20.0 million committed revolving credit facility ('RCF') and a £45.0 million receivables financing facility. At the period end, the Group had £32.4 million of available liquidity headroom.

Current leverage is above the Board's medium-term target and reducing net debt is a key priority. This is being supported by inventory optimisation, enhanced receivables collection, supplier-term initiatives, restricted capital expenditure, delivery of operating improvement plans and the Group's expected second-half seasonal cash profile. The Group continues to receive the support of its lending banks and other key stakeholders.

Taxation and earnings per share

The tax credit for the period was £1.4 million, representing an effective tax rate of 20.9%. Adjusted basic loss per share was 0.70 pence compared with 1.35 pence in H1 2025. Reported basic loss per share was 3.30 pence.

Capital allocation and dividend

Given the current trading environment and the Board's priority on strengthening the balance sheet and reducing leverage, capital allocation is disciplined. Immediate priorities are to support the operating requirements of the Group, invest selectively where returns are compelling and reduce net debt.

No interim dividend will be declared for H1 2026 (H1 2025: 0.32p). The Board recognises the importance of dividends to shareholders and intends to review distributions in light of trading performance, cash generation and progress in reducing net debt.

Summary Balance Sheet	H1 2026 £m	H1 2025 £m
Tangible assets	10.6	9.0
Working capital	33.0	40.1
Operating capital employed	43.6	49.1
Deferred consideration	(1.7)	(2.9)
Other net assets	92.5	90.7
Leases	(71.4)	(67.2)
Net debt	(26.5)	(20.9)
Net assets	36.5	48.8

Working capital at 30 June 2026 was £33.0 million (30 June 2025: £40.1 million) and represented 7.0% of sales (30 June 2025: 8.7%). The movement reflects the Group's continued focus on inventory optimisation and receivables collection together with the normal seasonal working capital profile.

Lease liabilities in respect of right-of-use assets were £71.4 million (30 June 2025: £67.2 million). Deferred consideration of £1.7 million at the period end (30 June 2025: £2.9 million).

Stuart Kilpatrick
Chief Financial Officer
30 September 2026

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 (unaudited)			Six months ended 30 June 2025 (unaudited)		
		Adjusted £'000	Adjusting items (note 7) £'000	Total £'000	Adjusted £'000	Adjusting items (note 7) £'000	Total £'000
Revenue	5	232,055	–	232,055	232,109	–	232,109
Cost of sales		(185,123)	–	(185,123)	(187,322)	–	(187,322)
Gross profit		46,932	–	46,932	44,787	–	44,787
Administrative expenses		(38,559)	(3,652)	(42,211)	(34,424)	(802)	(35,226)
Property gains		–	–	–	1,714	–	1,714
Depreciation, amortisation and impairment		(6,098)	(1,716)	(7,814)	(5,866)	(1,700)	(7,566)
Operating profit/(loss)		2,275	(5,368)	(3,093)	6,211	(2,502)	3,709
Finance income		100	–	100	276	–	276
Finance expense	8	(3,541)	(364)	(3,905)	(3,361)	(46)	(3,407)
(Loss)/profit before taxation		(1,166)	(5,732)	(6,898)	3,126	(2,548)	578
Taxation	9	39	1,404	1,443	(679)	515	(164)
(Loss)/profit for the period and total comprehensive (expense)/income		(1,127)	(4,328)	(5,455)	2,447	(2,033)	414
Total comprehensive (expense)/income attributable to:							
Equity owners of the Parent		(1,162)	(4,328)	(5,490)	2,270	(2,033)	237
Non-controlling interest		35	–	35	177	–	177
Total comprehensive (expense)/income		(1,127)	(4,328)	(5,455)	2,447	(2,033)	414
Earnings per share							
Basic and diluted (loss)/earnings per share (pence)		(0.70)	(2.60)	(3.30)	1.35	(1.21)	0.14

The results for the period arise solely from continuing activities.

The condensed consolidated financial statements should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position
As at 30 June 2026

		30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000	31 December 2025 (audited) £'000
	Note			
Non-current assets				
Intangible assets	11	42,288	43,219	43,688
Property, plant and equipment	12	10,568	9,021	9,625
Right-of-use assets	13	56,931	55,337	56,755
Investments		4	243	104
Other receivables		244	130	244
		110,035	107,950	110,416
Current assets				
Inventories		49,766	48,093	51,342
Trade and other receivables		65,018	71,238	70,492
Cash and cash equivalents	14	9,089	16,631	15,049
		123,873	135,962	136,883
Total assets		233,908	243,912	247,299
Current liabilities				
Trade and other payables		(83,758)	(81,990)	(97,834)
Borrowings	14	(35,267)	(17,261)	(9,046)
Lease liabilities		(9,387)	(8,414)	(8,845)
Current tax liabilities		(110)	(892)	(276)
Provisions		(993)	-	(114)
		(129,515)	(108,557)	(116,115)
Non-current liabilities				
Other payables		(126)	(343)	(573)
Borrowings	14	-	(19,764)	(19,520)
Lease liabilities		(61,981)	(58,779)	(62,708)
Provisions		(1,857)	(1,917)	(1,842)
Deferred taxation		(3,925)	(5,665)	(4,574)
		(67,889)	(86,468)	(89,217)
Total liabilities		(197,404)	(195,025)	(205,332)
Net assets		36,504	48,887	41,967
Equity				
Share capital		831	831	831
Share premium		28,530	28,530	28,530
Merger reserve		(9,980)	(9,980)	(9,980)
Share-based payments reserve		1,180	1,849	1,180
Retained earnings		15,126	25,662	20,162
Equity attributable to owners of the Parent company		35,687	46,892	40,723
Non-controlling interests		817	1,995	1,244
Total equity		36,504	48,887	41,967

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2026

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share- based payment reserve £'000	Retained earnings £'000	Equity attributable to owners of the Parent company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2026	831	28,530	(9,980)	1,180	20,162	40,723	1,244	41,967
(Loss)/profit for the period and total comprehensive (expense)/income	-	-	-	-	(5,490)	(5,490)	35	(5,455)
Put and call options over non-controlling interests	-	-	-	-	(8)	(8)	-	(8)
Acquisition of non-controlling interests	-	-	-	-	462	462	(462)	-
Transactions with owners of the Company	-	-	-	-	454	454	(462)	(8)
At 30 June 2026 (unaudited)	831	28,530	(9,980)	1,180	15,126	35,687	817	36,504

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share- based payment reserve £'000	Retained earnings £'000	Equity attributable to owners of the Parent company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2025	829	28,412	(9,980)	1,459	25,078	45,798	1,818	47,616
(Loss)/profit for the period and total comprehensive (expense)/income	-	-	-	-	237	237	177	414
Share-based payments	-	-	-	390	-	390	-	390
Share capital issued	2	118	-	-	-	120	-	120
Put and call options over non-controlling interests	-	-	-	-	347	347	-	347
Transactions with owners of the Company	2	118	-	390	347	857	-	857
At 30 June 2025 (unaudited)	831	28,530	(9,980)	1,849	25,662	46,892	1,995	48,887

Condensed consolidated statement of cash flows
For the six months ended 30 June 2026

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Cash flows from operating activities		
Profit/(loss) before taxation	(6,898)	578
Adjusted for:		
Amortisation of intangible assets	2,034	1,907
Depreciation of property, plant and equipment	1,058	1,029
Depreciation of right-of-use assets	4,701	4,608
Impairment charge	21	22
Profit on disposal of property, plant and equipment	(52)	(1,680)
Gain on lease modifications	(148)	-
Share-based payment expense	-	390
Movement in provisions	(696)	-
Finance income	(100)	(276)
Finance expense	3,905	3,407
Exceptional non-cash	1,363	-
Operating cash flows before movements in working capital	5,188	9,985
Decrease in inventories	1,575	1,800
Decrease in trade and other receivables	5,474	5,299
Decrease in trade and other payables	(13,738)	(7,339)
Cash generated by operations	(1,501)	9,745
Income taxes	627	(132)
Net cash generated by operating activities	(874)	9,613
Cash flows from investing activities		
Purchase of intangible assets	(409)	(230)
Business acquisitions (net of cash acquired)	-	(1,975)
Deferred consideration paid	(600)	(480)
Purchase of property, plant and equipment	(1,950)	(1,225)
Proceeds on disposal of property, plant and equipment	49	12,832
Proceeds on disposal of business	-	685
Proceeds on disposal of investment	100	-
Interest received	100	276
Net cash (used in)/received from investing activities	(2,710)	9,883
Cash flows from financing activities		
Principal paid on lease liabilities	(4,737)	(4,765)
Interest paid on lease liabilities	(1,946)	(1,665)
Purchase of non-controlling interest	(545)	-
Proceeds from borrowings, net of transaction costs	26,128	36,900
Repayment of borrowings	(19,900)	(41,940)
Bank interest paid	(621)	(1,270)
Interest paid on invoice discounting facilities	(755)	(437)
Net cash outflow from financing activities	(2,376)	(13,177)
Net increase/(decrease) in cash and cash equivalents	(5,960)	6,319
Cash and cash equivalents at the beginning of the period	15,049	10,312
Cash and cash equivalents at the end of the period	9,089	16,631

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2026

1. General information

Lords Group Trading plc ('Lords', the 'Company') is a public limited company incorporated in England and Wales. The registered office is 2nd Floor, 12-15 Hanger Green, London W5 3EL. These condensed consolidated interim financial statements (the 'interim financial statements') as at and for the six months ended 30 June 2026 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a specialist distributor of building, plumbing, heating and DIY goods principally selling to local tradesmen, small to medium sized plumbing and heating merchants, construction companies and retailing directly to the general public.

2. Material accounting policies

2.1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the United Kingdom. They do not include all of the information required in the annual financial statements and should be read in conjunction with the Group's most recent audited consolidated financial statements for the year ended 31 December 2025 (the 'Annual Financial Statements') which have been prepared in accordance with UK-adopted International Accounting Standards. The Annual Financial Statements constitute statutory accounts as defined in section 434 of the Companies Act 2006 and a copy of these statutory accounts has been delivered to the Registrar of Companies. The auditor's report on the Annual Financial Statements was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 31 December 2025 are available at www.lordsgrouptradingplc.co.uk.

These interim financial statements have been prepared on a going concern basis and under the historical cost convention.

The half year financial information is presented in Sterling and all values are rounded to the nearest one thousand pounds (£1k) except where otherwise indicated.

The interim financial statements were approved for issue by the Board of Directors on 29 September 2026.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Annual Financial Statements and the corresponding interim reporting period.

2.2. Going concern

The Group's interim financial statements have been prepared on a going concern basis. In assessing the appropriateness of this basis, the Board has undertaken a detailed review of the Group's cash flow forecasts, liquidity, available financing facilities and the financial covenants applicable to those facilities. The assessment covers the period to at least 12 months from the date of approval of these interim financial statements and includes the Group's latest Board-approved forecast together with a range of severe but plausible downside scenarios.

At 30 June 2026, the Group had committed banking facilities of £65.0 million, comprising a £20.0 million committed revolving credit facility and a £45.0 million invoice financing facility, which are scheduled to mature on 1 April 2029. At 30 June 2026, the Group had cash and cash equivalents of £9.1 million and £23.3 million of undrawn facilities. The borrowings at 30 June 2026 comprise amounts drawn under the invoice financing facility. No amounts were drawn under the revolving credit facility at the reporting date.

The Group maintains constructive relationships with its lending banks and continues to receive their ongoing support. Following discussions with its lending banks, an amendment to its existing financing arrangements has been credit committee approved but is subject to formal documentation at the date of approval of these interim financial statements. The Directors have taken into account the proposed amendment's ability, on conclusion,

to meet the Group's ongoing liquidity requirements, the progress towards completion of the formal amendment documentation and the Group's ongoing relationship with its lenders in assessing the Group's liquidity and financing position.

The Group's forecasts indicate that the Group has sufficient liquidity to meet its obligations as they fall due throughout the going concern assessment period. The Directors have also considered severe but plausible downside scenarios, including sensitivities to revenue, margins, cash generation and working capital. These scenarios have been considered alongside the mitigating actions available to the Group which, include, inter alia, further cost reductions, working capital management, control of capital expenditure and continued focus on cash generation.

Having reviewed the above the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it remains appropriate to prepare the interim financial statements on a going concern basis.

2.3. Taxation

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

3. Critical accounting judgements and estimates

When preparing the Group's interim financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

3.1. Significant management judgements

Assessment of who has the risk and reward of ownership of non-controlling interests with put and call options

A key area of judgement applied in the preparation of these interim financial statements is determining whether the risk and rewards of ownership reside with the non-controlling interests or the Group when an acquisition has put and call options.

Where the pricing is at a variable price, the Group assesses the risks and rewards that reside with the non-controlling interests. This is because the exposure to any increase or decrease in the value of the business resides with the non-controlling interest, as they will either retain the investment indefinitely (if neither party exercises) or they can recover the fair value of the business through the exercise price.

Where the exercise price is a fixed amount (or an amount that varies only for the passage of time), then the risks and rewards reside with the Group. This is because once the put and call become exercisable, one party will be incentivised to exit because they benefit from doing so.

3.2. Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of goodwill, intangible assets, tangible assets and right-of-use assets

Under IAS 36, at the end of each reporting period the Group is required to assess whether there is any indication that goodwill, property, plant and equipment and right-of-use assets may be impaired. For impairment testing purposes, the Group has determined that each branch is a separate cash-generating unit ('CGU') on the basis that each branch has distinct assets at each location which are able to generate cash inflows. No indicators of impairment have been found to exist as at 30 June 2026.

4. Alternative performance measures

The Group uses various measures which are not defined by Generally Accepted Accounting Principles ('GAAP') under International Financial Reporting Standards ('IFRS'). The alternative performance measures ('APMs') should be considered in addition to, and not as a substitute for, or superior to, the information presented in accordance with IFRS, as APMs may not be directly comparable with similar measures used by other companies.

The Group believes that APMs, when considered together with IFRS results, provide the readers of the interim financial statements with complementary information to better understand and compare the financial performance and position of the Group from period to period. The adjustments are usually items that are significant in size and/or non-recurring in nature. These measures are also used by management for planning, reporting and performance management purposes. Some of the measures form part of the covenant ratios calculations required under the terms of the Group's borrowings. As APMs include the benefits of restructuring programmes or the use of acquired intangible assets but exclude certain significant costs, such as amortisation of intangible assets, litigation, material restructuring and transaction items, they should not be regarded as a complete picture of the Group's financial performance, which is presented in IFRS results. The exclusion of adjusting items may result in underlying profits/(losses) being materially higher or lower than IFRS earnings.

For further information on the Group's adjusting items, see note 7.

4.1. Income statement APMs

4.1.1. EBITDA

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Operating (loss)/profit	(3,093)	3,709
Depreciation	5,759	5,637
Amortisation	2,034	1,907
Impairment charge	21	22
EBITDA	4,721	11,275
Exceptional items	3,652	412
Share-based payments	-	390
Adjusted EBITDA	8,373	12,077
Less: property gains	-	(1,714)
Adjusted EBITDA excluding property gains and losses	8,373	10,363

4.1.2. Adjusted operating profit

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Operating (loss)/profit	(3,093)	3,709
Amortisation of acquired intangible assets	1,695	1,678
Impairment charge	21	22
Exceptional items	3,652	412
Share-based payments	-	390
Adjusted operating profit	2,275	6,211
Deduct: property gains	-	(1,714)
Adjusted operating profit excluding property gains and losses	2,275	4,497

4.1.3. Adjusted profit before tax

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
(Loss)/profit before tax	(6,898)	578
Unwinding of discounting on deferred consideration and put and call options	59	46
Amortisation of acquired intangible assets	1,695	1,678
Unamortised loan arrangement fees on refinancing	305	-
Impairment charge	21	22
Exceptional items	3,652	412
Share-based payments	-	390
Adjusted (loss)/profit before tax	(1,166)	3,126

4.2. Balance sheet and cash flow APMs

4.2.1. Net debt

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Borrowings	35,267	37,025
Cash and cash equivalents	(9,089)	(16,631)
Unamortised loan arrangement fees	330	547
Net debt	26,508	20,941

4.2.2. Adjusted cash generated by operating activities

Adjusted cash generated from operating activities is defined as net cash generated by operating activities plus exceptional items. Further detail on exceptional items can be found in note 7.

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Net cash generated by operating activities	(1,501)	9,745
Exceptional items	3,652	412
Non-cash exceptional items	(1,363)	-
Adjusted cash generated by operating activities	788	10,157

4.2.3. Free cash flow

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Adjusted EBITDA	8,373	12,077
Working capital movement	(6,689)	(240)
Net capital expenditure	(1,901)	11,607
Principal and interest paid on lease liabilities	(6,756)	(6,430)
Operating cash flow	(6,973)	17,014
Income taxes	627	(132)
Net interest paid	(521)	(994)
Free cash flow	(6,867)	15,888

4.2.4. Operating cash flow conversion

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Operating cash flow	(6,973)	17,014
Adjusted operating profit	2,275	6,211
Operating cash flow conversion	n/a	939.8%

5. Revenue

All of the Group's revenue was generated from the sale of goods in the UK and was recognised at a point in time (rather than over time). No one customer makes up 10% or more of revenue in any period.

6. Segmental analysis

Management currently identifies the Group's three service lines as its operating segments. The Group's CODM is its Executive Directors, and they monitor the performance of these operating segments, as well as deciding on the allocation of resources to them. Segmental performance is monitored using adjusted segment operating results. Inter-segmental sales are conducted on an arm's length basis and are immaterial. Further details on adjusting items can be found in note 7.

	Merchanting	Plumbing and Heating	Digital	Total
Six months ended 30 June 2026	£'000	£'000	£'000	£'000
Revenue	112,302	96,364	23,399	232,055
Gross profit	29,055	13,152	4,725	46,932
Administrative expenses	(24,476)	(9,619)	(4,464)	(38,559)
Adjusted EBITDA before property gains	4,579	3,533	261	8,373
Property gains	-	-	-	-
Adjusted EBITDA	4,579	3,533	261	8,373
Depreciation, amortisation and impairment	(4,217)	(1,719)	(162)	(6,098)
Adjusted operating profit	362	1,814	99	2,275
Adjusting items	(2,517)	(2,723)	(128)	(5,368)
Operating loss	(2,155)	(909)	(29)	(3,093)
Finance income				100
Finance expense				(3,905)
Loss before taxation				(6,898)
Taxation				1,443
Loss for the period				(5,455)

Additions to non-current assets	2,614	1,639	1,656	5,909
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	Merchanting	Plumbing and Heating	Digital	Total
Six months ended 30 June 2025	£'000	£'000	£'000	£'000
Revenue	117,692	112,194	2,223	232,109
Gross profit	30,365	13,945	477	44,787
Administrative expenses	(23,846)	(10,008)	(570)	(34,424)
Adjusted EBITDA before property gains	6,519	3,937	(93)	10,363
Property gains	1,714	-	-	1,714
Adjusted EBITDA	8,233	3,937	(93)	12,077
Depreciation, amortisation and impairment	(4,129)	(1,737)	-	(5,866)
Adjusted operating profit/(loss)	4,104	2,200	(93)	6,211
Adjusting items	(1,557)	(945)	-	(2,502)
Operating profit/(loss)	2,547	1,255	(93)	3,709
Finance income				276
Finance expense				(3,407)
Loss before taxation				578
Taxation				(164)
Loss for the period				414

Additions to non-current assets	8,835	94	35	8,964
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7. Adjusting items

Exceptional items are presented separately as one-off costs that are unlikely to reoccur or costs outside normal business trading.

Six months ended 30 June 2026	Merchanting £'000	Plumbing and Heating £'000	Digital £'000	Total £'000
Exceptional items:				
Restructuring	1,242	2,122	102	3,466
Business combinations	120	66	-	186
Adjusting items within EBITDA	1,362	2,188	102	3,652
Amortisation of acquired intangible assets	1,134	535	26	1,695
Impairment charge	21	-	-	21
Adjusting items within operating profit	2,517	2,723	128	5,368
Unwind of discount on deferred consideration and put and call options				59
Unamortised loan arrangement fees on refinancing				305
Adjusting items within profit/(loss) before tax				5,732
Tax on adjusting items				(1,404)
Adjusting items within profit/(loss) after taxation				4,328

Six months ended 30 June 2025	Merchanting £'000	Plumbing and Heating £'000	Digital £'000	Total £'000
Share-based payments	241	149	-	390
Exceptional items:				
Business combinations	309	261	-	570
Adjustment to contingent consideration	(158)	-	-	(158)
Adjusting items within EBITDA	392	410	-	802
Amortisation of acquired intangible assets	1,143	535	-	1,678
Impairment charge	22	-	-	22
Adjusting items within operating profit and profit/(loss) before tax	1,557	945	-	2,502
Unwind of discount on deferred consideration and put and call options				46
Adjusting items within operating profit and profit/(loss) before tax				2,548
Tax on adjusting items				(515)
Adjusting items within profit/(loss) after taxation				2,033

Adjusting items in the first half of 2026 largely relate to depot rationalisation and restructuring costs of £2.1 million. Costs associated with business combinations included £1.7 million (H1 2025: £1.7 million) in relation to amortisation of acquired intangibles and £0.2 million (H1 2025: £0.4 million) of costs in relation to prior year acquisitions or deferred consideration. No charge was recognised in respect of share-based payments (H1 2025: £0.3 million).

8. Finance expense

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Bank loans and overdrafts	1,086	1,255
Invoice discounting facilities	755	437
Lease interest	1,946	1,665
Unwinding of discounting on deferred consideration and put and call options	59	16
Unwinding of discounting on dilapidations provisions	50	34
Other interest payable	9	-
	3,905	3,407

9. Taxation

Income tax in the first half of 2026 was a credit of £1.4 million (H1 2025: charge of £0.2 million) representing an effective tax rate of 20.9% (H1 2025: 28.4%).

10. Earnings per share

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
(Loss)/profit attributable to equity holders of the parent (£'000)	(6,795)	237
Weighted average number of shares (m)	166.2	166.1
Number of dilutive options (m)	0.5	0.9
Weighted average number of shares – diluted (m)	166.7	167.0
Basic earnings per share:		
(Loss)/earnings from continuing activities (pence)	(3.30)	0.14
Diluted earnings per share:		
(Loss)/earnings from continuing activities (pence)	(3.30)	0.14

Both the basic and diluted earnings per share have been calculated using the earnings attributable to shareholders of the Parent company, as the numerator, meaning no adjustment to the loss was necessary in either year. Statutory diluted earnings per share calculation uses the 166.2 million as a denominator as dilutive shares would not increase loss per share.

The Group has also presented adjusted earnings per share which have been calculated using earnings attributable to shareholders of the Parent company, adjusted for the after-tax effects of adjusting items (see note 7).

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
(Loss)/profit attributable to equity holders of the parent (£'000)	(5,490)	237
Adjusting items, net of tax	4,329	2,033
Adjusted earnings	(1,161)	2,270
Adjusted basic earnings per share:		
(Loss)/earnings from continuing activities (pence)	(0.70)	1.35
Adjusted diluted earnings per share:		
(Loss)/earnings from continuing activities (pence)	(0.70)	1.35

11. Intangible assets

	Goodwill £'000	Customer relationships £'000	Trade names £'000	Software £'000	Total £'000
Cost					
At 1 January 2026	20,961	34,925	3,983	5,037	64,906
Additions	-	-	-	409	409
Adjustments to business combinations	341	145	(241)	-	245
Disposals	-	-	-	(99)	(99)
At 30 June 2026 (unaudited)	21,302	35,070	3,742	5,347	65,461
Accumulated amortisation and impairment					
At 1 January 2026	(125)	(17,193)	(2,104)	(1,796)	(21,218)
Charge for the period	-	(1,533)	(162)	(339)	(2,034)
Impairment	-	-	-	(21)	(21)
Disposals	-	12	-	88	100
At 30 June 2026 (unaudited)	(125)	(18,714)	(2,266)	(2,068)	(23,173)
Net book value (unaudited)	21,177	16,356	1,476	3,279	42,288

	Goodwill £'000	Customer relationships £'000	Trade names £'000	Software £'000	Total £'000
Cost					
At 1 January 2025	19,030	34,722	3,741	3,708	61,201
Additions	-	-	-	230	230
Acquired through business combinations	507	113	-	-	620
Disposals	-	-	-	(18)	(18)
At 30 June 2025 (unaudited)	19,537	34,835	3,741	3,920	62,033
Accumulated amortisation and impairment					
At 1 January 2025	-	(14,159)	(1,470)	(1,288)	(16,917)
Charge for the period	-	(1,506)	(172)	(229)	(1,907)
Disposals	-	-	-	10	10
At 30 June 2025 (unaudited)	-	(15,665)	(1,642)	(1,507)	(18,814)
Net book value (unaudited)	19,537	19,170	2,099	2,413	43,219

12. Property, plant and equipment

	Land and building leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2026	12,569	10,373	22,942
Additions	1,707	242	1,949
Disposals	(3)	(211)	(214)
At 30 June 2026 (unaudited)	14,273	10,404	24,677
Accumulated depreciation and impairment			
At 1 January 2026	(5,619)	(7,698)	(13,317)
Charge for the period	(408)	(650)	(1,058)
Disposals	3	263	266
At 30 June 2026 (unaudited)	(6,024)	(8,085)	(14,109)
Net book value (unaudited)	8,249	2,319	10,568

	Land and buildings £'000	Land and building leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2025	7,076	8,955	10,474	26,505
Additions	4	874	359	1,237
Acquired through business combinations	-	1,200	50	1,250
Disposals	(7,080)	-	(63)	(7,143)
At 30 June 2025 (unaudited)	-	11,029	10,820	21,849
Accumulated depreciation and impairment				
At 1 January 2025	(572)	(4,848)	(7,004)	(12,424)
Charge for the period	(44)	(319)	(666)	(1,029)
Impairment	-	(15)	(7)	(22)
Disposals	616	-	31	647
At 30 June 2025 (unaudited)	-	(5,182)	(7,646)	(12,828)
Net book value (unaudited)	-	5,847	3,174	9,021

13. Right-of-use assets

	Leasehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2026	74,401	22,339	96,740
Additions	2,395	1,156	3,551
Lease remeasurements and modifications	1,326	-	1,326
Disposals	(680)	(496)	(1,176)
At 30 June 2026 (unaudited)	77,442	22,999	100,441
Accumulated depreciation and impairment			
At 1 January 2026	(30,320)	(9,665)	(39,985)
Charge for the period	(2,636)	(2,065)	(4,701)
Disposals	681	495	1,176
At 30 June 2026 (unaudited)	(32,275)	(11,235)	(43,510)
Net book value (unaudited)	45,167	11,764	56,931

	Leasehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2025	67,357	18,550	85,907
Additions	7,437	60	7,497
Disposals	(1,266)	(730)	(1,996)
At 30 June 2025 (unaudited)	73,528	17,880	91,408
Accumulated depreciation and impairment			
At 1 January 2025	(24,361)	(8,892)	(33,253)
Charge for the period	(2,940)	(1,668)	(4,608)
Disposals	1,060	730	1,790
At 30 June 2025 (unaudited)	(26,241)	(9,830)	(36,071)
Net book value (unaudited)	47,287	8,050	55,337

14. Cash and borrowings

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Current		
Bank loans	35,267	17,261
	35,267	17,261
Non-current		
Bank loans	-	19,764
	-	19,764
Total borrowings	35,267	37,025
Cash and cash equivalents	(9,089)	(16,631)
Unamortised loan arrangement fees	330	547
Net borrowings	26,508	20,941

In 2025, borrowings on revolving credit facilities were classified as 'non-current' and at 30 June 2026, there were no borrowings on revolving credit facilities due to the refinancing on 2 April 2026 and all borrowings related to Invoice Financing, which is classified as current'

Total accrued interest of £38k (H1 2025: nil) has been added to bank loans and unamortised transaction costs of £368k (H1 2025: £547k) have been offset against the bank loans.

Unrestricted access was available at the reporting date to the following lines of credit:

	30 June 2026 (unaudited) £'000	30 June 2025 (unaudited) £'000
Total facilities		
Revolving credit facility	20,000	50,000
Invoice drawdown facility	45,000	25,000
	65,000	75,000
Used at period end		
Revolving credit facility	-	20,300
Invoice drawdown facility	35,597	17,300
Unused at period end		
Revolving credit facility	20,000	29,700
Invoice drawdown facility	3,260	7,700
	23,260	37,400

Financing facilities comprise a £20.0 million revolving credit facility ('RCF') and £45.0 million invoice financing facility ('IFF') maturing on 1 April 2029. The facilities include two uncommitted extension options of one year each which would, subject to lender approval, extend the tenor of the RCF to four years or five years if exercised.

The facilities contain covenants that require the ratio of adjusted EBITDA to net debt (excluding lease liabilities) and the ratio of adjusted EBITDA to net finance costs to remain within pre-defined thresholds at each quarter-end date. Each testing date covers the results for the previous 12 months.

Funds borrowed under the RCF bear interest at an annual rate of between 2.0% and 3.4% above the compounded Sterling Overnight Index Average ('SONIA'), dependent on the Group's leverage covenant. Funds borrowed under the IFF bear interest at an annual rate of 1.75% above the Bank of England Base Rate.

The banking facilities are subject to cross guarantees from the relevant Group undertakings and secured by fixed and floating charges over the land, tangible and other assets and insurances.

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