20 May 2026

Lords Group Trading plc
('Lords', the 'Company' or the 'Group')

Final Results

Continued strategic progress with increased diversification and operational leverage through greater national and digital presence

Lords (AIM:LORD), a leading distributor of building materials in the UK, today announces its audited final results for the year ended 31 December 2025 ('FY25' or the 'year').

FY25 Financial Performance

ADJUSTED RESULTS	**FY25**	FY24	Change
Revenue	**£472.8m**	£436.7m	+8.3%
Adjusted EBITDA[2]	**£21.0m**	£22.4m	(6.2)%
Adjusted EBITDA margin	**4.4%**	5.1%	(70) bps
Adjusted operating profit[3]	**£9.2m**	£10.4m	(11.5)%
Adjusted profit before tax[3]	**£2.8m**	£3.8m	(26.3)%
Adjusted diluted basic earnings per share[3]	**1.14p**	1.84p	(38.0)%
Total dividend per share	**0.52p**	0.84p	(38.0)%

STATUTORY RESULTS	**FY25**	FY24	Change
Revenue	**£472.8m**	£436.7m	+8.3%
Operating profit	**£1.1m**	£4.3m	(74.4)%
Loss before tax	**£(5.2)m**	£(2.6)m	£2.6m increase
Basic loss per share	**(2.68)p**	(1.19)p	1.49p increase
Net debt[4]	**£13.4m**	£32.4m	£19.0m reduction

FY25 Highlights

Resilience in a tough market with financial progress

- Record revenue of £472.8 million, up 8.3%, with positive LFL[1] growth (+0.7%) despite subdued end markets
- Merchanting LFL revenue growth of +3.1% driven by customer service led model, reflecting market share gains alongside disciplined pricing
- Plumbing and Heating ('P&H') margins improved by 60bps, driven by product mix and margin management
- Renewables revenue up 57%, increasing margin quality
- Adjusted EBITDA[2] of £21.0 million
- Net debt[3] reduced by 59% to £13.4 million, significantly strengthening the balance sheet

Strategic progress and platform strengthened – strongly positioned for market recovery

- Market leading e-commerce platform, CMO, acquired in June 2025, materially accelerating digital capability and national reach
- Three new branch openings during the year, further expanding Lords national network
- Structural cost actions taken, in particular following the P&H strategic review, to streamline the business
- Increased operating leverage as volumes recover

Post Period End

- Opened a further dual site in Bury St Edmunds in March, housing Lords Builders Merchants and Advance Roofing
- Agreed a new three-year, £65 million banking facility to provide the financial flexibility to support our strategy to invest in organic growth and pursue selective acquisitions, in a market where consolidation opportunities are increasing

[1] Like-for-like (LFL) sales is a measure of growth in sales, adjusted for new, divested and acquired locations such that the periods over which the sales are being compared are consistent.
[2] Adjusted earnings before interest, tax, depreciation and amortisation and impairment charges, inclusive of property gains and losses, excluding adjusting items (note 6).
[3] 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.
[4] Net debt defined as cash less borrowings before lease liabilities

Shanker Patel, Chief Executive Officer of Lords, commented:

"Despite a challenging backdrop, Lords made further progress in positioning the Group for growth. We grew revenue by 8.3%, reduced net debt by 59%, opened three new Merchanting branches and completed the acquisition of CMO, which broadened our customer reach and significantly strengthened our digital capability.

"Whilst market conditions are likely to remain subdued in the near term, with ongoing uncertainty around inflation and interest rates, we have built a more diversified, more scalable business and the Group is now better positioned operationally and strategically than at any point in its recent history. Supported by our new banking facilities, we have the financial flexibility to continue investing selectively as opportunities arise.

"As the market recovers, we expect a disproportionate improvement in profitability driven by operating leverage across both our branch network and digital platform. We are confident that the strategic progress made in FY25 will translate into enhanced returns and sustainable shareholder value creation over the medium term."

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. The division operates over 16 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 51 sites.

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

CHAIR'S STATEMENT

Overview

This was a year of strategic and operational progress for the Group, contributing to a resilient financial performance in a market where other market participants have struggled. Our customer-service led model differentiates us and has enabled the Group to grow revenue without having to chase volume through aggressive pricing.

Even so, inflationary pressures on some key costs, notably Employer's National Insurance, the National Minimum Wage and property costs, have affected our profitability and cash flow in the year. The Board and management have therefore remained tightly focused on costs, managing cash and on strengthening the balance sheet.

At such times, it can be tempting to pause strategic investment. However, we believe strongly that the Group has substantial growth potential and it is incumbent on us to continue to deploy our capital selectively, so we are in an even better position as the market recovers. The three new Merchanting branches we opened in the year, and a fourth location opened post period end, are testament to this.

The Board was also pleased to approve the acquisition of CMO, which has significantly accelerated the Group's digital strategy, and we are excited by the possibilities it presents. The UK building materials market remains highly fragmented and underpenetrated from a digital perspective. We believe CMO presents a compelling opportunity to capture market share through a hybrid model, combining local service excellence with national digital reach.

Dividends

The Board recognises the importance of dividends to our shareholders, as well as our obligation to balance the dividend payout as part of a wider capital allocation policy in managing cash and continuing to invest such that the business delivers greater returns to shareholders in the years ahead. We have therefore maintained our policy of scaling the dividend in line with adjusted earnings per share. While this inevitably means dividends are lower in more difficult years, it will also result in dividend progression as the market recovers.

At the half year, we held the interim dividend steady at 0.32 pence per share. Adjusted diluted earnings per share for the year was 38% lower at 1.14 pence (FY24: 1.84 pence) and the Board has therefore recommended a final dividend of 0.20 pence per share (FY24: 0.52 pence), to give a total in respect of the year of 0.52 pence (FY24: 0.84 pence). Information on payment, record and ex-dividend dates can be found in the Financial Review.

People and culture

Our people and culture provide significant competitive advantages for us. While the number of colleagues we employ has nearly doubled over the last five years, Shanker Patel and his team have worked hard to maintain the family and entrepreneurial culture of the business and with it the high levels of employee engagement and motivation. This in turn enables us to deliver consistently strong service, so our customers keep coming back.

As Shanker explains in more detail in his Review, we have continued to invest in our senior leadership and this is delivering real benefits. The investment has largely been self-funded through efficiencies and has given us greater strength in depth, supporting current performance, our ability to identify and secure growth opportunities and our longer-term succession planning.

Looking forward

While near-term market visibility remains limited and with the macroeconomic uncertainty facing the whole world the near-term economic recovery supported by interest rate reductions is uncertain. The Group however is significantly better positioned than a year ago and capable of managing through these difficult periods.

We have

- strengthened the Group’s balance sheet, with banking facilities for the medium term;
- expanded our network and capabilities;
- accelerated our digital strategy; and
- increased exposure to higher-growth, higher-margin categories such as renewables.

As a result, and with enhanced capacity, we expect a disproportionate improvement in profitability as demand recovers driven by operating leverage across both our branch network and digital platform.

We believe the actions taken during FY25 will enable the Group to emerge from the cycle as a stronger, more scalable business with structurally improved earnings potential.

Gary O’Brien
Independent Non-Executive Chairman
19 May 2026

CHIEF EXECUTIVE OFFICER'S REVIEW

Structurally stronger, more diversified and positioned for growth
The actions we have taken during the year have significantly strengthened the Group operationally and structurally. We are now a more diversified, more scalable business, with enhanced capabilities that position us to capture market share and improve returns when conditions normalise.

Navigating a cyclical downturn while upgrading the platform
FY25 was a challenging year, characterised by subdued construction activity, sustained pricing pressure and higher employment costs. Against this backdrop, we focused on what we could control: protecting margins, managing costs, strengthening the balance sheet and investing selectively for growth.

While market conditions constrained short-term profitability, they also provided an opportunity to upgrade the business. The result is that the Group is better positioned operationally and strategically than at any point in its recent history.

Resilient performance and disciplined execution
Group revenue increased by 8.3% to £472.8 million, supported by a 0.7% like-for-like('LFL') uplift and contributions from new branches and CMO. This reflects the strength of our customer relationships and the effectiveness of our decentralised operating model.

Merchanting delivered revenue growth of 6.0% (+3.1% LFL) despite softer trading conditions in the second half, while Plumbing & Heating revenues were resilient as the core boiler market remained flat. Revenues increased by 57% in renewables, as Ultimate Renewables continues to perform strongly and is becoming an increasingly important contributor to the division's mix and margin profile.

Adjusted EBITDA (including property gains) was £21.0 million (FY24: £22.4 million), with margin at 4.4% (FY24: 5.1%). The margin reduction reflects a combination of market-driven pricing pressure, increased employment costs and targeted investment to position the Group for improved profitability as volumes recover.

Building a multi-channel platform
The acquisition of CMO in June 2025 was a key strategic milestone and a transformational step in our evolution. CMO is a market-leading e-commerce platform serving homeowners and trade customers nationwide. It provides scalable digital infrastructure, advanced data capability and national reach, enabling us to serve customers beyond our physical branch footprint.

We are building a multi-channel distribution platform that combines:

- local branch density and service excellence;
- national digital reach; and
- an expanding specialist product range.

This model enhances customer experience while improving asset utilisation and margin potential. Integration is already creating opportunities to:

- expand product ranges across channels;
- leverage Group supplier relationships;
- improve pricing through data insight; and
- selectively fulfil digital demand through our branch network.

Strategy
Our long-term strategy remains unchanged: growing our geographical footprint, product range and digital revenues through disciplined organic expansion and selective acquisitions, and continued investment in our '3Ps' – people, plant and premises. We allocate capital conservatively, targeting attractive returns while maintaining prudent leverage.

Geographical expansion
During FY25, we opened three Merchanting branches in Mansfield (A.W. Lumb), Maidstone (George Lines) and Bicester (a dual site housing Lords Builders Merchants and Advance Roofing). Post year end, we opened a further dual site in Bury St Edmunds. All branches have traded in line with expectations, reinforcing our confidence in measured network expansion.

Product range extension
Our decentralised structure enables branches to identify and introduce locally differentiated products, supporting customer retention and margin resilience. In P&H, distribution agreements signed in FY24 have strengthened our boiler mix and supported rapid growth in renewables, including air source heat pumps.

CMO enhances our product breadth considerably. On acquisition by the Group, CMO offered over 140,000 SKUs; we have since expanded this by approximately 15,000 products, incorporating boilers and spares from the P&H portfolio. Leveraging Group supplier relationships will further broaden the range and improve purchasing efficiency.

Enhancing digital capabilities
Digital capability is central to our evolution. We continue to invest in e-commerce and process automation, with the objective of increasing digital revenues as a proportion of Group sales over the medium term. For example, the customer portal introduced in APP in FY24 gained traction during FY25, improving customer experience and driving operational efficiency.

CMO materially accelerates our digital agenda. It brings scalable technology infrastructure, advanced data analytics capability and expertise in performance marketing. To embed best practice across the Group, we have established a technology forum led by CMO, facilitating cross-divisional collaboration in areas such as pricing insight, customer data utilisation and AI-enabled workflow tools.

Our 3Ps – People, Plant and Premises
Our people remain the foundation of the Group. I thank all colleagues for their commitment during a demanding year. We welcomed over 100 new colleagues from CMO, whose digital expertise complements our existing operational strengths.

We continued to strengthen our senior leadership capability. Steve Durdant-Hollamby leads Merchanting, Matt Webber joined as COO of P&H in September 2025 and has already enhanced commercial focus within the division, and Dean Murray, CEO of CMO, joined the Group's Operating Board, broadening digital and e-commerce expertise at Group level.

Investment in plant includes ongoing deployment of systems and digital tools to drive efficiency. In P&H, Podfather was introduced to enhance delivery tracking, customer communication and workflow management, reducing administrative friction and improving service quality.

In premises, we are investing to support growth and rationalisation. Ultimate Renewables is relocating to a substantially larger site in 2026 to accommodate expansion.

Following a strategic review of P&H completed at the start of 2026, we will rationalise distribution centres from seven to four. This programme will enhance stock control, improve service consistency and increase operating efficiency.

Strong financial position
Cash generation and balance sheet management were priorities throughout the year. Net debt, excluding leases, reduced significantly in more than halving to £13.4 million (31 December 2024: £32.4 million). The sale and leaseback of four operating properties generated £13.1 million of gross proceeds and working capital was carefully managed during the year. On 2 April 2026, with the support of our banking group, we agreed a new three-year, £65 million refinancing, which provides the financial flexibility to support our strategy to invest in organic growth and pursue selective acquisitions, in a market where consolidation

opportunities are increasing. The Group enters FY26 with a substantially strengthened balance sheet and significant liquidity.

Clear priorities for FY26

Our priorities for FY26 are clear:

- driving like-for-like sales growth in Merchanting;
- enhancing P&H margins through mix and efficiency;
- scaling CMO and embedding digital capability across the Group; and
- maintaining disciplined capital allocation.

Outlook and medium-term potential

Market conditions remain subdued in the near term, with ongoing uncertainty around inflation and interest rates. However, the Group is materially better positioned than a year ago. We have:

- strengthened our balance sheet;
- expanded our digital capability;
- accelerated renewables growth; and
- rationalised our cost base.

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

We are therefore confident that the strategic progress made in FY25 will translate into enhanced returns and sustainable shareholder value creation over the medium term.

Shanker Patel
Chief Executive Officer
19 May 2026

FINANCIAL REVIEW

The Group delivered a solid financial performance in FY25 despite challenging market conditions, particularly in the second half of the year. Our focus on pricing discipline and customer service helped to protect gross margins and we continued to carefully control overheads, in the face of cost pressures. We ended the year with a strong balance sheet, following the sale and leaseback transaction in April 2025, giving us the financial strength to continue selective investment in organic and acquisitive growth initiatives.

Revenue

Group revenue was a record at £472.8 million (FY24: £436.7 million), up 8.3%. On a LFL basis, revenue was 0.7% higher, with the difference reflecting the acquisition of CMO in June 2025 and three new branches opened during the year.

Merchanting had a strong first six months in FY25 but trading was affected by the market backdrop, combined with prolonged pre-Budget uncertainty in H2 FY25 that ultimately led to the deferral of end-customer decisions. Revenue in the year grew by 6.0% to £227.1 million (FY24: £214.3 million), with the division's LFL growth of 3.1% indicating increased market share.

P&H was resilient in a flat boiler market, with revenue 1.1% lower in FY25 at £219.9 million (FY24: £222.4 million). LFL revenue was 1.6% down on the prior year. Renewables revenues continued to grow strongly, with a 57% increase.

The Group acquired CMO on 6 June 2025. It successfully implemented its plan to rebuild its supply chain post-acquisition, resulting in an improving trends in revenues and a profitable second half of the year. In total, the Digital division contributed £25.8 million to Group revenue for the year.

Gross margin

Gross margins across the Group improved slightly to 19.7% (FY24: 19.5%). At a divisional level, gross margin improved by 60 basis points in Plumbing & Heating following strategic positioning. Merchanting margin reduced by 70 basis points as our competition looked to gain market share, particularly in the second half.

Operating expenses

Adjusted operating expenses in the year were £73.4 million (FY24: £64.6 million) and the main movements are set out below.

	£m
2024	64.6
Acquisitions / new branches	7.0
ER's National Insurance / NMW	0.7
LFL increase	1.1
2025	73.4

Strategic expansion of the business added £7.0 million to overheads, through the three new Merchanting branches opened in FY25, the addition of operating expenses from CMO (acquired in June 2025) and the full-year impact of Ultimate Renewables (acquired in October 2024). Changes in the rate of Employer's National Insurance and National Minimum Wage increases increased operating expenses by £0.7 million. Excluding these items, underlying costs increased by 1.7%, despite inflationary pressure as our supply chain sought to pass on their own cost increases.

Adjusted EBITDA

Adjusted EBITDA was £21.0 million (FY24: £22.4 million). This includes property gains of £1.4 million (FY24: £1.8 million), shown on the face of the income statement. The gain in FY25 arose from the sale and leaseback of four operating properties, for gross proceeds of £13.1 million. In FY24, the gain of £1.8 million primarily related to a lease surrender premium for our Park Royal site. Excluding property gains and losses, adjusted EBITDA was £19.6 million (FY24: £20.6 million).

The table below shows adjusted EBITDA by division:

	FY25	**FY25**	FY24	FY24
	£m	**margin**	£m	margin
Merchanting	**12.5**	**5.5%**	14.4	6.7%
Plumbing and Heating	**8.5**	**3.9%**	8.0	3.6%
Digital	-	-	-	-
Total Group	**21.0**	4.4%	22.4	5.1%

Adjusted operating profit which includes the charge for depreciation and amortisation, was £9.2 million in FY25 (FY24: £10.4 million).

Adjusting items

Adjusting items before tax amounted to £8.0 million (FY24: £6.4 million), comprising:

- Amortisation of acquired intangibles: £3.4 million (FY24: £3.3 million);
- Share-based payments: £0.2 million (FY24: £0.8 million);
- Exceptional items: £1.3 million (FY24: £0.5 million), which primarily related to restructuring costs;
- Branch right of use asset impairment charges in relation to 9 branches where the carrying value of the branch's tangible and right of use assets exceeded the forecast value of future cash flows. The total non-cash impairment charge was £2.7 million (FY24: £1.5 million). The majority of these branches are forecast to deliver a positive EBITDA contribution in FY26 and beyond, based on prudent planning assumptions over the remaining lease period;
- Non-cash goodwill and trade name impairment charge of £0.4 million (FY24: £nil) in respect of Chiltern Timber, which is being repositioned under the Lords Builders' Merchants brand.

Net finance costs

Net finance costs were £6.3 million (FY24: £6.9 million), comprising:

- £3.1 million (FY24: £4.1 million) in respect of bank borrowings, less bank interest received of £0.3 million (FY24: £0.3 million)
- £3.6 million (FY24: £2.8 million) related to lease liabilities
- a credit of £0.1 million (FY24: charge of £0.3 million) to unwind discounted future liabilities

The sale and leaseback transaction in April 2025 contributed to reduced interest on bank borrowings, as a result of lower net debt, and higher interest on lease liabilities, due to the new leases on these properties.

Profit before tax and earnings per share

Adjusted profit before tax, which excludes the adjusting items above, was £2.8 million (FY24: £3.8 million). Statutory loss before tax for the year was £5.2 million (FY24: £2.6 million) reflecting non-cash impairments in respect of right-of-use assets, goodwill and trade names referred to above within adjusting items.

Adjusted diluted earnings per share was 1.14 pence (FY24: 1.84 pence). Basic diluted loss per share was 2.68 pence (FY24: 1.19 pence).

Dividend
The Board has carefully considered the interests of the Group's stakeholders and continued to follow its policy of scaling the full-year dividend in line with adjusted earnings per share.

The Board has therefore recommended a final dividend of 0.20 pence per share (FY24: 0.52 pence per share), which will be paid on 6 July 2026 to shareholders on the register at the close of business on 29 May 2026. The Company's shares will be marked ex-dividend on 28 May 2026.

We paid an unchanged interim dividend of 0.32 pence per share (H1 FY24: 0.32 pence per share) in October 2025. The total dividend declared in respect of FY25 is therefore 0.52 pence per share (FY24: 0.84 pence per share), which is 2.2 times covered by adjusted earnings per share (FY24: 2.2 times). The cash cost of the total dividend in respect of FY25 is £0.9 million (FY24: £1.4 million).

At the year end, the Company had distributable reserves of £13.6 million (31 December 2024: £14.2 million).

Debt financing and liquidity
On 2 April 2026 the Group refinanced its banking facilities, which are committed until 1 April 2029, with two one-year extension options. The facilities comprise a £20.0 million committed revolving credit facility ('RCF') and a £45.0 million receivables financing facility.

At 31 December 2025, the Group had net debt (defined as borrowings less cash and cash equivalents, and before recognising lease liabilities) of £13.4 million (31 December 2024: £32.4 million), headroom of £46.5 million within its debt facilities (31 December 2024: £52.3 million) and a further £15.0 million of accessible cash (31 December 2024: £10.3 million). Had the new facilities been in place, the Group would have had £51.5 million of available liquidity.

Cash flow
Net cash generated by operating activities was £29.4 million (FY24: £16.8 million). Operating cash conversion, which is the ratio of operating cash flow to adjusted operating profit was 317% (FY24: 71%) due to strong working capital management and reflecting the proceeds of property disposals.

The net inflow from investing activities was £6.3 million (FY24: £1.0 million outflow), which comprised inflows of £13.1 million (FY24: £4.2 million) from the sale and leaseback, interest and a business disposal, net of outflows on current and prior-year acquisitions of £2.6 million (FY24: £1.3 million). Capital expenditure was £3.1 million (FY24: £2.8 million), largely relating to the three branch openings in the year. Investment in systems and digital tools totaled £1.1 million (FY24: £1.1 million). Overall, the Group achieved a reduction in net debt, before leases of £19.0 million (FY24: increase of £3.9 million).

Summary Balance sheet

	31 December 2025 £m	31 December 2024 £m
Tangible assets	9.6	14.1
Inventory	51.3	49.3
Trade receivables	54.8	61.9
Other working capital	(81.7)	(72.3)
Operating capital employed	**34.0**	53.0
Deferred consideration	(1.2)	(3.3)
Right-of-use and other net assets	94.1	90.3
Lease liabilities	(71.5)	(60.0)
Net debt	(13.4)	(32.4)
Net assets	**42.0**	47.6

Tangible assets reduced from £14.1 million at 31 December 2024 to £9.6 million. This largely reflects the sale and leaseback of freehold properties, which was offset by an increase in other net assets. The Group also acquired a long leasehold property valued at £1.2 million through the CMO acquisition.

Net debt reduced by £19.0 million to £13.4 million, reducing the ratio of net debt to operating capital employed to 39.4% (31 December 2024: 61.1%). Trade receivables of £54.8 million (31 December 2024: £61.9 million) underpin the refinanced bank facilities and strong working capital management reduced the ratio of working capital to sales to 5.2% (FY24: 9.0%).

Stuart Kilpatrick
Chief Financial Officer
19 May 2026

Consolidated statement of comprehensive income
For the year ended 31 December 2025

	Note	2025 Adjusted £m	2025 Adjusting items (note 6) £m	2025 Total £m	2024 Adjusted £m	2024 Adjusting items (note 6) £m	2024 Total £m
Revenue	5	**472.8**	**—**	**472.8**	436.7	—	436.7
Cost of sales		**(379.8)**	**—**	**(379.8)**	(351.5)	—	(351.5)
Gross profit		**93.0**	**—**	**93.0**	85.2	-	85.2
Operating expenses		**(73.4)**	**(1.5)**	**(74.9)**	(64.6)	(1.3)	(65.9)
Property gains		**1.4**	**—**	**1.4**	1.8	—	1.8
Depreciation, amortisation and impairment		**(11.8)**	**(6.6)**	**(18.4)**	(12.0)	(4.8)	(16.8)
Operating profit	5	**9.2**	**(8.1)**	**1.1**	10.4	(6.1)	4.3
Finance income		**0.3**	**—**	**0.3**	0.3	—	0.3
Finance expense	7	**(6.7)**	**0.1**	**(6.6)**	(6.9)	(0.3)	(7.2)
Profit/(loss) before tax		**2.8**	**(8.0)**	**(5.2)**	3.8	(6.4)	(2.6)
Tax	8	**(0.5)**	**1.5**	**1.0**	(0.5)	1.3	0.8
Profit/(loss) after tax		**2.3**	**(6.5)**	**(4.2)**	3.3	(5.1)	(1.8)
Other comprehensive income		**—**	**—**	**—**	—	—	—
Total comprehensive income		**2.3**	**(6.5)**	**(4.2)**	3.3	(5.1)	(1.8)
Total comprehensive income attributable to:							
Equity owners of the parent		**2.1**	**(6.5)**	**(4.4)**	3.1	(5.1)	(2.0)
Non-controlling interest		**0.2**	**—**	**0.2**	0.2	—	0.2
Total comprehensive income		**2.3**	**(6.5)**	**(4.2)**	3.3	(5.1)	(1.8)
Earnings per share							
Basic earnings per share (pence)	9	**1.14**	**(3.82)**	**(2.68)**	1.85	(3.04)	(1.19)
Diluted earnings per share (pence)	9	**1.14**	**(3.82)**	**(2.68)**	1.84	(3.03)	(1.19)

The results for the period arise solely from continuing activities.

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

Consolidated statement of financial position
As at 31 December 2025

	Note	31 December 2025 £m	31 December 2024 £m
Non-current assets			
Intangible assets	10	**43.7**	44.3
Property, plant and equipment	11	**9.6**	14.1
Right-of-use assets	12	**56.8**	52.7
Other receivables		**0.2**	0.1
Investments		**0.1**	0.2
		110.4	111.4
Current assets			
Inventories		**51.3**	49.3
Trade and other receivables		**70.5**	76.2
Cash and cash equivalents	13	**15.0**	10.3
		136.8	135.8
Total assets		**247.2**	247.2
Current liabilities			
Trade and other payables		(97.8)	(88.2)
Borrowings	13	(9.0)	(12.0)
Lease liabilities	12	(8.8)	(8.3)
Current tax liabilities		(0.3)	-
Provisions		(0.1)	-
		(116.0)	(108.5)
Non-current liabilities			
Other payables		**(0.6)**	(1.6)
Borrowings	13	**(19.5)**	(30.1)
Lease liabilities	12	**(62.7)**	(51.7)
Provisions		**(1.8)**	(1.6)
Deferred tax liability		**(4.6)**	(6.1)
Total non-current liabilities		**(89.2)**	(91.1)
Total liabilities		**(205.2)**	(199.6)
Net assets		**42.0**	47.6
Equity			
Share capital		**0.8**	0.8
Share premium		**28.5**	28.4
Merger reserve		**(10.0)**	(10.0)
Share-based payment reserve		**1.3**	1.5
Retained earnings		**20.2**	25.1
Equity attributable to owners of the Parent Company		**40.8**	45.8
Non-controlling interest		**1.2**	1.8
Total equity		**42.0**	47.6

Consolidated statement of changes in equity

For the year ended 31 December 2025

£m	Share capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
At 1 January 2024	0.8	28.3	(10.0)	1.0	29.4	49.5	1.6	51.1
(Loss)/profit for the period and total comprehensive (expense)/income	—	—	—	—	(2.0)	(2.0)	0.2	(1.8)
Share-based payments	—	—	—	0.8	—	0.8	—	0.8
Exercise of share options	—	—	—	(0.3)	0.3	—	—	—
Issue of Ordinary share capital	—	0.1	—	—	—	0.1	—	0.1
Put and call options over non-controlling interests	—	—	—	—	0.1	0.1	—	0.1
Dividends paid	—	—	—	—	(2.7)	(2.7)	—	(2.7)
As at 31 December 2024	0.8	28.4	(10.0)	1.5	25.1	45.8	1.8	47.6
(Loss)/profit for the period and total comprehensive (expense)/income	**—**	**—**	**—**	**—**	**(4.4)**	**(4.4)**	**0.2**	**(4.2)**
Share-based payments	**—**	**—**	**—**	**0.2**	**—**	**0.2**	**—**	**0.2**
Deferred tax recognised in equity	**—**	**—**	**—**	**—**	**0.1**	**0.1**	**—**	**0.1**
Exercise of share options	**—**	**—**	**—**	**(0.4)**	**0.4**	**—**	**—**	**—**
Issue of Ordinary share capital	**—**	**0.1**	**—**	**—**	**—**	**0.1**	**—**	**0.1**
Put and call options over non-controlling interests	**—**	**—**	**—**	**—**	**0.4**	**0.4**	**—**	**0.4**
Acquisition of non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(0.4)**	**(0.4)**
Dividends paid	**—**	**—**	**—**	**—**	**(1.4)**	**(1.4)**	**(0.4)**	**(1.8)**
As at 31 December 2025	**0.8**	**28.5**	**(10.0)**	**1.3**	**20.2**	**40.8**	**1.2**	**42.0**

Consolidated statement of cash flows

For the year ended 31 December 2025

	2025 £m	2024 £m
Cash flows from operating activities		
Loss before tax	**(5.2)**	(2.6)
Adjusted for:		
Depreciation of property, plant and equipment	**2.1**	2.3
Depreciation of right-of-use assets	**9.3**	9.4
Amortisation of intangible assets	**3.8**	3.7
Impairment charge	**3.2**	1.5
Profit on disposal of property, plant and equipment	**(1.5)**	(0.3)
Profit on sale of business	**-**	(0.4)
Share-based payment expense	**0.2**	0.8
Movement in provisions	**0.2**	-
Finance income	**(0.3)**	(0.3)
Finance expense	**6.6**	7.2
Operating cash flows before movements in working capital	**18.4**	21.3
(Increase)/decrease in inventories	**(1.5)**	0.2
Decrease in trade and other receivables	**5.9**	5.8
Increase/(decrease) in trade and other payables	**6.8**	(10.0)
Cash generated by operations	**29.6**	17.3
Corporation tax paid	**(0.2)**	(0.5)
Net cash generated by operating activities	**29.4**	16.8
Cash flows from investing activities		
Purchase of intangible assets	**(1.1)**	(1.1)
Business acquisitions (net of cash acquired)	**(2.1)**	(0.6)
Deferred consideration paid	**(0.5)**	(0.7)
Purchase of property, plant and equipment	**(3.1)**	(2.8)
Proceeds on disposal of property, plant and equipment	**12.8**	3.9
Interest received	**0.3**	0.3
Net cash received from investing activities	**6.3**	(1.0)
Cash flows from financing activities		
Principal paid on lease liabilities	**(8.5)**	(8.4)
Interest paid on lease liabilities	**(3.6)**	(2.8)
Issue of share capital	**0.1**	-
Dividends paid to shareholders	**(1.4)**	(2.7)
Dividends paid to non-controlling interest	**(0.4)**	-
Purchase of non-controlling interest	**-**	(1.6)
Proceeds from borrowings	**46.5**	33.6
Repayment of borrowings	**(60.8)**	(39.4)
Bank interest paid	**(2.0)**	(3.2)
Interest paid on invoice discounting facilities	**(0.9)**	(0.8)
Net cash outflow from financing activities	**(31.0)**	(25.3)
Net increase/(decrease) in cash and cash equivalents	**4.7**	(9.5)
Cash and cash equivalents at start of year	**10.3**	19.8
Cash and cash equivalents at end of year	**15.0**	10.3

Notes to the financial statements

For the year ended 31 December 2025

1. General information

Lords Group Trading plc (the 'Company') is a public company limited by shares, listed on AIM and incorporated and domiciled in England. The address of the Company's registered office and principal place of business is Second Floor, 12-15 Hanger Green, London, England, W5 3EL.

The principal activity of the Company, together with its subsidiary undertakings (the 'Group') throughout the period, is the distribution of building materials, heating goods and DIY goods to local tradesmen, large-scale developers, small and medium construction companies and retail customers.

2. Accounting policies

2.1. Basis of preparation of Financial Statements

The consolidated Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS).

The Financial Statements have been prepared on a going concern basis under the historical cost convention, unless otherwise specified within these accounting policies. The financial information is presented in Pounds Sterling and all values are rounded to the nearest one hundred thousand (£0.1 million), except when otherwise indicated.

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 3.

The financial information set out in this document does not constitute the Group's statutory accounts for the years ended 31 December 2025 or 2024 but is derived from those accounts. Statutory accounts for 2024 have been delivered to the registrar of companies. The auditors have reported on those accounts; their reports were (i) unqualified, and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Statutory accounts for 2025 will be delivered to the registrar of companies in due course. The auditors have reported on those accounts; their reports were (i) unqualified, and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The financial statements for the year ended 31 December 2025 were approved and authorised for issue by the Board of Directors on 19 May 2026. This results announcement for the year ended 31 December 2026 was also approved by the Board on 19 May 2026.

Change to the presentation of the consolidated statement of comprehensive income

During the year, the Directors decided to change the way they present the consolidated statement of comprehensive income to provide the reader with supplemental data relating to the results of operations. The principal change adopted is the presentation of the profits/losses in a three-column format, showing 'Underlying', 'Adjusting items' and 'Total' numbers. Items of income and expense that are material by their size and/or nature and are not considered to be incurred in the normal course of business are classified as adjusting items on the face of the income statement within their relevant category. Further details are provided later in this note and in note 6.

The Group presents profit/loss for the year before adjusting items as the Directors believe that this shows the trends in the Group's business and gives an indication of the Group's ongoing sustainable performance. The Directors believe the changes also helps to simplify the reconciliation to the Group's alternative performance measures (APMs). The APMs are consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board.

2.2. Going concern

At 31 December 2025, the Group had £46.5 million of undrawn facilities and £15.0 million of cash. In line with accounting standards, the Board has considered cash flow projections over an extended period greater than 12 months from the date of approval of the Financial Statements, until December 2027.

The cash flow forecasts have been stress tested by considering the most likely risks impacting the Group in a severe but plausible scenario and a reverse stress test scenario. These are considered to be sales below the base case, interest rate changes and additional operating expenses. The Group's cash flow projections indicate covenants on facilities will not be breached unless, instead of the anticipated growth, the Group's projected EBITDA falls by 38% relative to the base case over a twelve month period. While unlikely to occur, the Group also has mitigating actions at its disposal that it can take in downside scenarios, such as delaying capital expenditure, restructuring to reduce costs, improving inventory turns, exiting branches with below target returns and to sell long leasehold properties. In considering the sensitivity analysis, the Board was also mindful of the complementary characteristics of the two divisions, with a seasonally stronger Merchanting division between March and October, whereas Plumbing and Heating is typically stronger during the winter months. The Board considers that this natural hedge reduces the likelihood of the downside sensitivities.

Cash flow forecasts are reforecast in the event of a potential acquisition not already in the forecast. The Group prepares weekly cash flow projections, daily sales reports and monthly management accounts compared to budget with key performance indicators, which together will provide an early warning system to indicate whether any mitigating actions are necessary in any part of the Group. In all reasonable scenarios, with timely mitigating actions, the Group is projected to be compliant with its banking covenants with no material uncertainties and the Board is satisfied that the Group has adequate resources to continue operations for the foreseeable future. The Board therefore considers it appropriate to continue to adopt the going concern basis in preparing the Group and Company Financial Statements.

3. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated Financial Statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

3.1. Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated Financial Statements.

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 Financial Statements is determining whether the risks 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, the Group is required to test goodwill annually for impairment, and to assess its right-of-use assets and property, plant and equipment for any indicators of impairment. 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. As a result of continued softer market conditions and in order to eliminate the judgement in assessing the indicators of impairment, management has performed an impairment test for all CGUs by assessing whether the carrying amount exceeds its recoverable amount.

As part of its review, the Group calculates the recoverable amount of cash-generating units by estimating future cash flows using the latest forecast information. The key assumptions involved in estimating the recoverable amount include future performance and growth rates of the CGUs and the discount rates used. These are underpinned by a number of judgements based on management's expectation, historic performance, understanding of the market environment, and assessment of the macroeconomic and industry conditions. The future revenue and cash flow projections of the CGUs are inherently uncertain and are considered most sensitive to changes in sector demand and wider market conditions, which have been subdued over the last 12 months. Changing the assumptions selected by management could significantly affect the amount of any impairment.

For the individual branch right-of-use asset and property, plant and equipment impairment assessment, the cash flows are extrapolated to cover the period to the end of the lease term.

The results of the review indicated that £0.1m of goodwill and £0.3m of intangible assets related to the acquisition of Chiltern Timber Supplies were impaired. Impairment charges were also recorded against right-of-use assets at seven branches within the Merchanting division and two branches within the Plumbing and Heating division. Further details are set out in note 11.

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 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 calculation required under the terms of the Group's borrowings. As APMs include the benefits of restructuring programmes or the use of the 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 its IFRS results. The exclusion of adjusting items may result in underlying profits/(losses) being materially higher or lower than IFRS earnings.

4.1. Income statement APMS

4.1.1. Adjusted EBITDA

	2025 **£m**	2024 £m
Operating profit	**1.1**	4.3
Depreciation	**11.4**	11.6
Amortisation	**3.8**	3.7
Impairment charge	**3.2**	1.5
EBITDA	**19.5**	21.1
Exceptional items	**1.3**	0.5
Share-based payments	**0.2**	0.8
Adjusted EBITDA	**21.0**	22.4

Less: Property gains	**(1.4)**	(1.8)
Adjusted EBITDA excluding property gains	**19.6**	(20.6)

4.1.2. Adjusted operating profit

	2025 **£m**	2024 £m
Operating profit	**1.1**	4.3
Amortisation of acquired intangible assets	**3.4**	3.3
Impairment charge	**3.2**	1.5
Exceptional items	**1.3**	0.5
Share-based payments	**0.2**	0.8
Adjusted operating profit	**9.2**	10.4

4.1.3. Adjusted profit before tax

	2025 **£m**	2024 £m
Loss before tax	**(5.2)**	(2.6)
Unwinding of discounting on deferred consideration and put and call options	**(0.1)**	0.3
Amortisation of acquired intangible assets	**3.4**	3.3
Impairment charge	**3.2**	1.5
Exceptional items	**1.3**	0.5
Share-based payments	**0.2**	0.8
Adjusted profit before tax	**2.8**	3.8

4.2. Balance sheet and cash flow APMS

4.2.1. Net debt

	2025 **£m**	2024 £m
Borrowings	**(28.5)**	(42.1)
Cash and cash equivalents	**15.0**	10.3
Effective interest rate adjustment	**0.1**	(0.6)
Net debt	**(13.4)**	(32.4)

4.2.2. Adjusted cash generated by operating activities

	2025 **£m**	2024 £m
Net cash generated by operating activities	**29.6**	13.6
Exceptional items	**(1.3)**	0.5
Adjusted cash generated by operating activities	**28.3**	14.1

4.2.3. Free cash flow

	2025 **£m**	2024 £m
Adjusted EBITDA	**21.0**	22.4
Working capital movement	**11.2**	(4.0)
Net capital expenditure	**8.6**	-
Principal and interest paid on lease liabilities	**(12.1)**	(11.2)
Operating cash flow	**28.7**	7.2
Corporation tax paid	**(0.2)**	(0.5)
Net interest paid	**(2.6)**	(3.7)
Free cash flow	**25.9**	3.0

4.2.4. Operating cash flow conversion

	2025 **£m**	2024 £m
Operating cash flow	**28.7**	7.2
Adjusted operating profit	**9.2**	10.4
Operating cash flow conversion	**317.4%**	71.0%

5. Segmental analysis

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 heating and plumbing 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. The division operates from 16 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.

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.

All of the Group's revenue was generated from the sale of goods in the UK for both periods. No one customer makes up 10% or more of revenue in any period.

2025	**Merchanting £m**	**Plumbing and Heating £m**	**Digital £m**	**Total £m**
Revenue	**227.1**	**219.9**	**25.8**	**472.8**
Gross profit	**59.1**	**28.8**	**5.1**	**93.0**
Operating expenses	**(48.0)**	**(20.3)**	**(5.1)**	**(73.4)**
Adjusted EBITDA before property gains	**11.1**	**8.5**	**-**	**19.6**
Property gains	**1.4**	**-**	**-**	**1.4**
Adjusted EBITDA	**12.5**	**8.5**	**-**	**21.0**
Depreciation, amortisation and impairment	**(8.3)**	**(3.5)**	**-**	**(11.8)**
Adjusted operating profit	**4.2**	**5.0**	**-**	**9.2**
Adjusting items	**(5.7)**	**(2.2)**	**(0.2)**	**(8.1)**
Operating profit/(loss)	**(1.5)**	**2.8**	**(0.2)**	**1.1**
Finance income				**0.3**
Finance expense				**(6.6)**
Loss before taxation				**(5.2)**
Taxation				**1.0**
Loss for the year				**(4.2)**
Additions to non-current assets	**16.5**	**2.7**	**0.3**	**19.5**

2024	**Merchanting £m**	**Plumbing and Heating £m**	**Total £m**
Revenue	214.3	222.4	436.7
Gross profit	57.3	27.9	85.2
Operating expenses	(44.7)	(19.9)	(64.6)
Adjusted EBITDA before property gains	12.6	8.0	20.6
Property gains	1.8	-	1.8
Adjusted EBITDA	14.4	8.0	22.4
Depreciation, amortisation and impairment	(8.7)	(3.3)	(12.0)
Adjusted operating profit	5.7	4.7	10.4
Adjusting items	(4.7)	(1.4)	(6.1)
Operating profit/(loss)	1.0	3.3	4.3
Finance income			0.3
Finance expense			(7.2)
Loss before taxation			(2.6)
Taxation			0.8
Loss for the year			(1.8)
Additions to non-current assets	13.9	5.0	18.9

6. Adjusting items

2025	**Merchanting £m**	**Plumbing and Heating £m**	**Digital £m**	**Total £m**
Share-based payments	**0.2**	**-**	**-**	**0.2**
Exceptional items:				
Restructuring	**0.2**	**0.3**	**-**	**0.5**
Business combinations	**-**	**0.1**	**0.2**	**0.3**

Adjustments to contingent consideration	**0.2**	**0.3**	**-**	**0.5**
Adjusting items within EBITDA	**0.6**	**0.7**	**0.2**	**1.5**
Amortisation of acquired intangible assets	**2.3**	**1.1**	**-**	**3.4**
Impairment charge	**2.8**	**0.4**	**-**	**3.2**
Adjusting items within operating loss	**5.7**	**2.2**	**0.2**	**8.1**
Unwinding of deferred consideration and put and call options				**(0.1)**
Adjusting items within loss before taxation				**8.0**
Tax on adjusting items				**(1.5)**
Adjusting items within loss after taxation				**6.5**

2024	**Merchanting £m**	**Plumbing and Heating £m**	**Total £m**
Share-based payments	0.6	0.2	0.8
Exceptional items:			
Restructuring	0.6	0.3	0.9
Profit on disposal of business	-	(0.4)	(0.4)
Business combinations	0.1	0.1	0.2
Retention employment costs on acquisitions	0.1	0.2	0.3
Adjustments to contingent consideration	(0.4)	(0.1)	(0.5)
Adjusting items within EBITDA	1.0	0.3	1.3
Amortisation of acquired intangible assets	2.2	1.1	3.3
Impairment charge	1.5	-	1.5
Adjusting items within operating loss	4.7	1.4	6.1
Unwinding of deferred consideration and put and call options			0.3
Adjusting items within loss before taxation			6.4
Tax on adjusting items			(1.3)
Adjusting items within loss after taxation			5.1

During 2025, the Group restructured back-office functions in Merchanting and Plumbing & Heating at a cost of £0.5 million (2024: £0.9 million), mainly relating to redundancy settlements.

The costs associated with the business combinations have been expensed and disclosed as adjusting items. The total expense, which amounts to £0.3 million (2024: £0.2 million), also includes costs associated with other potential acquisitions which will not occur or had not occurred before the balance sheet date. Where the business combinations include retention payments to key staff as part of the acquisitions, the cost of these is expensed over the period to which it relates. No costs were recognised in the year (2024: £0.3 million).

In 2025, adjustments to contingent consideration payable in relation to historic acquisitions resulted in a charge of £0.5 million (2024: credit of £0.5 million) in the income statement. This includes the movement in put and call options.

Further details of the impairment charge are set out in note 11.

The unwinding of deferred consideration and put and call options related to acquisitions of A.W. Lumb, Direct Heating & Plumbing, Condell, and Ultimate Renewables Supplies in previous years and amounted to a credit of £0.1 million (2024: charge of £0.2 million).

7. Finance expense

	2025 £m	2024 £m
Bank loans and overdrafts	**2.2**	3.3
Invoice discounting facilities	**0.9**	0.8
Lease interest	**3.6**	2.8
Unwinding of discounting on deferred consideration and put and call options	**(0.1)**	0.2
Unwinding of discounting on dilapidation provisions	**-**	0.1
	6.6	7.2

8. Taxation

8.1. Amounts recognised in the income statement

	2025	2024
	£m	£m
Corporation tax		
Current tax on loss for the year	**0.8**	1.3
Adjustments in respect of previous periods	**(0.5)**	(0.8)
	0.3	0.5
Deferred tax		
Originating and reversal of temporary differences	**(1.6)**	(1.7)
Adjustments in respect of previous periods	**0.3**	0.4
	(1.3)	(1.3)
Total tax credit for the year	**(1.0)**	(0.8)

The standard rate of corporation tax applied to reported profits/(losses) is 25% (2024: 25%).

8.2. Reconciliation of effective tax charge

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2025	2024
	£m	£m
Loss before taxation	**(5.2)**	(2.6)
Tax credit at 25% (2024: 25%)	**(1.3)**	(0.6)
Adjustments in respect of previous periods	**(0.2)**	(0.4)
Expenses not deductible	**0.7**	0.8
Income not taxable	**(0.2)**	(0.4)
Share-based payments	**-**	(0.2)
Total tax credit for the year	**(1.0)**	(0.8)

9. Earnings per share and dividends

9.1. Earnings per share

	2025	2024
Basic and diluted earnings per share:		
Loss from continuing activities (pence)	**(2.68)**	(1.19)
Weighted average number of shares for basic earnings per share (m)	**166.2**	165.8
Number of dilutive share options (m)	**0.2**	0.8
Weighted average number of shares for basic earnings per share (m)	**166.4**	166.6
Loss attributable to equity holders of the parent	**(4.4)**	(2.0)

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 loss was necessary in either year. Statutory diluted earnings per share calculation uses 166.2 million shares as the denominator as dilutive shares would not increase loss per share.

The Group has also presented adjusted earnings per share. Adjusted earnings per share have been calculated using earnings attributable to shareholders of the Parent Company, adjusted for the after-tax effect of adjusting items (see note 6).

	2025	2024
	£m	£m
Loss attributable to equity holds of the parent	**(4.4)**	(2.0)
Adjusting items, net of tax	**6.5**	5.1
Adjusted earnings	**2.1**	3.1
Adjusted basic earnings per share		
Earnings from continuing activities (pence)	**1.14**	1.85
Adjusted diluted earnings per share		
Earnings from continuing activities (pence)	**1.14**	1.84

9.2. Dividends

During 2025, the Company paid dividends totalling £1.4 million (2024: £2.7 million) to its equity shareholders, representing a final dividend of 0.52 pence per share for 2024 (2024: 1.33 pence per share for 2023) and an interim dividend of 0.32 pence per share (2024: 0.32 pence per share).

The Directors propose the payment of a final dividend for 2025 of £0.3 million (0.20 pence per share). As the distribution of dividends requires approval at the shareholders' meeting, no liability in this respect is recognised

in these consolidated Financial Statements. No income tax consequences are expected to arise as a result of this transaction at the Parent Company level.

10. Intangible assets

	Goodwill £m	Customer relationships £m	Trade names £m	Software £m	Total £m
Cost					
At 1 January 2024	18.4	34.7	3.7	2.5	59.3
Additions	-	-	-	1.2	1.2
Acquired through business combinations	0.6	-	-	-	0.6
At 31 December 2024	19.0	34.7	3.7	3.7	61.1
Additions	-	-	-	1.0	1.0
Acquired through business combinations	1.9	0.2	0.2	0.3	2.6
At 31 December 2025	**20.9**	**34.9**	**3.9**	**5.0**	**64.7**
Accumulated amortisation and impairment					
At 1 January 2024	-	(11.1)	(1.1)	(0.9)	(13.1)
Amortisation charge	-	(3.0)	(0.3)	(0.4)	(3.7)
At 31 December 2024	-	(14.1)	(1.4)	(1.3)	(16.8)
Amortisation charge	-	(3.0)	(0.4)	(0.4)	(3.8)
Impairment	(0.1)	-	(0.3)	-	(0.4)
At 31 December 2025	**(0.1)**	**(17.1)**	**(2.1)**	**(1.7)**	**(21.0)**
Net Book Value					
At 31 December 2024	19.0	20.6	2.3	2.4	44.3
At 31 December 2025	**20.8**	**17.8**	**1.8**	**3.3**	**43.7**

Goodwill is systematically tested for impairment at each balance sheet date. The Group has no assets with indefinite lives, other than goodwill. During the year, goodwill was impaired by £0.1m and trade names by £0.3m in respect of the Chiltern Timber business which will be merged into Lords Builders' Merchants in 2026.

Software intangible assets include ERP, inventory management systems and other related system enhancements of subsidiary undertakings, created by an external development firm for the subsidiary's specific requirements. The assets on the balance sheet as at 31 December 2025 have remaining amortisation periods of between 2-10 years.

Cash-generating unit (CGU) assessment

Goodwill is tested annually for impairment and more frequently if indicators of impairment arise. Other intangible assets are tested for impairment where such indicators exist. Impairment is assessed by comparing the carrying amount of each CGU (or group of CGUs) to its value-in-use, determined using discounted cash flow projections.

Goodwill is allocated to the CGUs expected to benefit from the related business combination. Where an acquired business operates under one of the Group's established brands, goodwill is allocated to that branded CGU, consistent with how synergies are realised and performance is monitored by management. No individual CGU allocation is significant relative to the Group's total goodwill balance.

The breakdown of the goodwill and related intangibles of each CGUs by operating segment is:

	2025 £m	2024 £m
A.W.Lumb & Co.	**11.3**	12.0
Carboclass	**15.0**	16.4
Chiltern Timber	**0.5**	0.9
Condell	**3.3**	3.4
Merchanting	**30.1**	32.7
A P P Wholesale	**4.7**	5.4
Direct Heating & Plumbing	**5.4**	5.7
Ultimate Renewables	**0.6**	0.5
Plumbing and Heating	**10.7**	11.6
CMO	**2.9**	-
Digital	**2.9**	-
	43.7	44.3

The total recoverable amount in relation to these CGUs at 31 December 2025 was £173.3 million (2024: £253.5 million), which exceeds the market capitalisation of the Group as at 31 December 2025. Chiltern Timber and Condell CGUs have been valued based on fair value less costs of disposal utilising a market based multiple valuation less transaction costs. All other CGUs have been valued using their value-in-use. The value-in-use calculations are based on five-year management forecasts with a terminal growth rate applied thereafter, representing management's estimate of the long-term growth rate of the sector served by the CGUs. The difference between the recoverable amount and the market capitalisation is largely due to market sentiment following challenging market conditions in the UK construction sector and like-for-like revenue pressures impacting investor confidence.

The recoverable amounts of the CGUs in both 2025 and 2024 were in excess of the carrying value of the net assets for all CGU's other than Chiltern Timber. A goodwill was impairment of £0.1 million and trade name impairments of £0.3 million were recognised in respect of Chiltern Timber during the year.

The key assumptions, which are applicable to each CGU, in the cash flow projections used to support the carrying amount of goodwill were as follows:

	Merchanting	**Plumbing and Heating**	**Digital**
Five-year sales growth	7.9% - 8.5%	4.2% - 48.6%	23.4%
Terminal sales growth	2.0%	2.0%	2.0%
Discount rate	14.6%	14.6%	14.6%

The five-year sales growth is based on the latest five-year plans produced by the businesses. This reflects the average growth rate each year over the five years.

The terminal sales growth reflects the Group's overall growth expectations based on the sectors in which the CGUs operate.

Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the Group, being the pre-tax weighted average cost of capital (WACC). The inputs used in the WACC calculation include risk-free rate, equity risk premium and risk adjustment, and are based on information from third-party sources. The discount rates are stated on a nominal basis.

Sensitivity analysis

A reasonable change in a key assumption would not cause the carrying value of any CGU to exceed its recoverable amount. The table below shows the amount of headroom and the revised assumptions required to eliminate the headroom in full at 31 December 2025. The headroom relates to the excess of the recoverable amount over the carrying value of the goodwill, intangible assets and other applicable net assets of the CGUs.

	Recoverable amount of CGU	**Current headroom**	**Terminal sales growth**	**Discount rate**
Merchanting	**£m**	**£m**	**%**	**%**
A.W.Lumb & Co.	34.4	19.1	14.1	15.3
Carboclass	51.4	16.5	8.8	10.7
Plumbing and Heating				
A P P Wholesale	34.4	15.0	10.3	11.5
Direct Heating & Plumbing	11.5	3.4	1.8	2.2
Ultimate Renewables	24.9	23.7	19.8	20.8
Digital				
CMO	12.7	13.0	11.2	11.7

11. Tangible assets

	Land and buildings £m	Land and building leasehold improvements £m	Plant and equipment £m	Total £m
Cost				
At 1 January 2024	13.5	7.5	10.3	31.3
Additions	-	1.1	1.4	2.5
Reclassification		0.3	(0.3)	-
Disposals	(6.4)	-	(1.0)	(7.4)
At 31 December 2024	7.1	8.9	10.4	26.4
Additions	-	2.4	0.7	3.1
Acquired through business combinations	-	1.2	0.1	1.3
Disposals	(7.1)	-	(0.8)	(7.9)
At 31 December 2025	**-**	**12.5**	**10.4**	**22.9**
Accumulated depreciation and impairment				
At 1 January 2024	(0.6)	(4.3)	(6.2)	(11.1)
Depreciation charge	(0.2)	(0.8)	(1.3)	(2.3)
Reclassification	-	0.3	(0.3)	-
Disposals	0.2	-	0.9	1.1
At 31 December 2024	(0.6)	(4.8)	(6.9)	(12.3)
Depreciation charge	-	(0.7)	(1.4)	(2.1)
Impairment	-	-	(0.1)	(0.1)
Disposals	0.6	-	0.6	1.2
At 31 December 2025	**-**	**(5.5)**	**(7.8)**	**(13.3)**
Net book value				
At 31 December 2024	6.5	4.1	3.5	14.1
At 31 December 2025	**-**	**7.0**	**2.6**	**9.6**

In 2025, the Group disposed of freehold properties in Tamworth, Dewsbury, Ilkeston and Luton within the Merchanting division, with a combined net book value of £6.5 million at their fair value of £13.1 million and immediately leased back at a market rental for a term of 15 years. In 2024, the freehold property at Colnbrook site near Heathrow, with a book value of £6.0 million, was sold at market value of £7.1 million and immediately leased back at a market rental for a term of 15 years. These have been accounted for as a sale at fair value, included within disposals, and as an addition to right-of-use assets and lease liabilities.

Impairment test for property, plant and equipment, right-of-use assets and other intangible assets

The Group reviews the carrying value of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) for indicators of impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of the Group's CGUs is typically based on value-in-use calculations. The value-in-use at 31 December 2025 was calculated using the discounted present value of each CGU's expected future cash flows using management's five-year forecasts as the basis. Sales growth and increases applied to costs are the key assumptions included when determining the expected future cash flows of each CGU. These have been modelled based upon a mixture of historical experience and expected future performance. A pre-tax discount rate of 14.6% (2024: 16.6%) was used to calculate the present value.

During the year, a total impairment charge of £3.2 million (2024: £1.5 million) was recognised. The majority of this related to branch right-of-use assets in respect of nine sites (2024: three) amounting to £2.7 million (2024: £1.5 million). The total recoverable amount of the affected CGUs was £9.3 million (2024: £2.8 million).

The balance of the impairment charge relates to goodwill (£0.1 million) and trade names (£0.3 million) and Chiltern Timber and £0.1 million (2024: £nil) in respect of property, plant and equipment.

The impairment loss was allocated to the assets of the CGU on a pro-rata basis to their carrying amount, subject to the limitation that the carrying amount of an asset cannot be reduced below the highest of fair value less costs of disposal, value-in-use or zero. The remaining amount of the impairment loss that would otherwise have been allocated to the right-of-use asset was allocated pro rata to the other assets of the unit.

12. Leases and right-of-use assets

The Group leases offices, retail branches and warehouses (property leases) and also enters into lease agreements for plant and equipment (non-property leases). Property leases are typically made for fixed periods of up to 15 years but may have extension options as well. Non-property leases are typically made for fixed periods of up to five years. Both property and non-property leases are recognised as a right-of-use asset with a corresponding lease liability at the date at which the leased asset is available for use by the Group.

12.1. Amounts recognised in the consolidated statement of financial position

	Property leases £m	Non-property leases £m	Total £m
Cost			
At 1 January 2024	57.8	14.7	72.5
Additions	7.7	6.7	14.4
Acquired through business combinations	0.1	0.1	0.2
Lease remeasurements and modifications	1.8	(3.0)	(1.2)
At 31 December 2024	67.4	18.5	85.9
Additions	8.7	6.7	15.4
Lease remeasurements and modifications	0.8	-	0.8
Disposals	(2.5)	(2.9)	(5.4)
At 31 December 2025	**74.4**	**22.3**	**96.7**
Accumulated depreciation and impairment			
At 1 January 2024	(18.5)	(6.6)	(25.1)
Depreciation charge	(5.1)	(4.2)	(9.3)
Impairment	(1.5)	-	(1.5)
Lease remeasurements and modifications	0.7	2.0	2.7
At 31 December 2024	(24.4)	(8.8)	(33.2)
Depreciation charge	(5.7)	(3.6)	(9.3)
Impairment	(2.7)	-	(2.7)
Disposals	2.5	2.8	5.3
At 31 December 2025	(30.3)	(9.6)	(39.9)
Net book value			
At 31 December 2024	43.0	9.7	52.7
At 31 December 2025	**44.1**	**12.7**	**56.8**

During the year, an impairment charge of £2.7 million (2024: £1.5 million) was recognised in respect of the right-of-use assets of nine sites (2024: three). See note 11 for further disclosure.

The split of lease liabilities between current and non-current is as follows:

	2025 £m	2024 £m
Current	**8.8**	8.3
Non-current	**62.7**	51.7
	71.5	60.0

The total cash outflow for leases in the year was £12.1 million (2024: £11.1 million).

12.2. Amounts recognised in the consolidated statement of comprehensive income

	2025 £m	2024 £m
Short-term and low-value operating lease rentals	**1.6**	0.2
Depreciation charge for right-of-use assets	**9.3**	9.3
Impairment of right-of-use assets	**2.6**	1.5
Interest expense (included in finance costs)	**3.6**	2.8

13. Cash and borrowings

	2025 £m	2024 £m
Current		
Bank loans	**0.5**	-
Other loans	**8.5**	12.0
Non-current		
Bank loans	**19.5**	30.1
Total borrowings	**28.5**	42.1
Cash and cash equivalents	**(15.0)**	(10.3)
Effective interest rate adjustment	**(0.1)**	0.6
Net borrowings	**13.4**	32.4

A maturity analysis of the Group's borrowings is shown below:

	2025 £m	2024 £m
Less than one year	**9.0**	12.0
Greater than one year and less than five years	**19.5**	30.1
Total borrowings	**28.5**	42.1

Total accrued interest of £0.5 million (2024: nil) has been added to bank loans and unamortised transaction costs of £0.4 million (2024: £0.6 million) have been offset against the bank loans.

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

	2025 £m	2024 £m
Total facilities		
Revolving credit facility	**50.0**	70.0
Invoice drawdown facility	**25.0**	25.0
	75.0	95.0
Used at 31 December		
Revolving credit facility	**19.9**	30.7
Invoice drawdown facility	**8.5**	12.0
	28.4	42.7
Unused at 31 December		
Revolving credit facility	**30.1**	39.3
Invoice drawdown facility	**16.5**	13.0
	46.6	52.3

In 2025, financing facilities comprised a £70.0 million revolving credit facility (RCF) and £25.0 million invoice financing facility (IFF) maturing on 5 April 2027. On 30 April 2025, in agreement with its banks, the Group reduced the RCF by £20.0 million to £50.0 million.

On 2 April 2026, the Group successfully re-financed the RCF and the IFF with a new £20.0 million revolving credit facility (the 'New RCF') and £45.0 million invoice financing facility (the New IFF) with two banks expiring on 1 April 2029. The new facilities include two uncommitted extension options of one year each which would, subject to lender approval, extend the tenor of the New RCF to four years or five years if exercised.

The RCF and New RCF 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. As at 31 December 2025, the Group was in compliance with its most recent covenant test and therefore continues to classify the borrowings under the facility as non-current liabilities. The Group expects to comply with the quarterly covenants within 12 months after the reporting date.

Funds borrowed under the RCF and New RCF bear interest at an annual rate of between 2.0% and 2.8% and 2.0% and 3.4% respectively above the compounded Sterling Overnight Index Average (SONIA), dependent on the Group's leverage covenant. Undrawn funds on the RCF and New RCF bear interest at an annual rate of between 0.70% and 0.98% and 0.70% and 1.19% respectively, both dependent on the Group's leverage covenant.

Funds borrowed under the IFF and New IFF bear interest at an annual rate of 1.40% and 1.75% respectively 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.

14. Business combinations

On 6 June 2025, the Group acquired the trade and assets of CMO Group Limited ('CMO'), following a CMO pre-pack administration process for cash consideration of £1.8 million. CMO is a market-leading e-commerce platform serving homeowners and trade professionals through a suite of specialist superstore websites, disrupting the traditionally offline industry. The acquisition brings a well-established digital platform, strong customer reach, and a specialist product-led approach that complements both the Merchanting and Plumbing and Heating divisions. This partnership allows us to blend traditional merchanting strengths with cutting-edge digital capabilities.

The acquired business contributed revenues of £25.7 million and a loss before tax of £0.3 million to the consolidated entity for the period from acquisition to 31 December 2025. As a trade and asset acquisition of part of the CMO Group, information is not available on CMO's contribution has the acquisition had been completed on the first day of the financial year. The following table summarises the fair value of assets acquired and liabilities assumed at the acquisition date:

	Fair Value **£m**
Intangible assets	**0.7**
Property, plant and equipment	**1.3**
Inventories	**0.6**
Accruals	**(2.5)**
Deferred taxation liability	**(0.2)**
Total fair value	**(0.1)**
Consideration	**1.8**
Goodwill	**1.9**

Acquisition costs totalled £0.2 million and are disclosed within operating expenses in the statement of comprehensive income.
The net cash expended on the acquisition is as follows:

	£m
Cash paid as consideration on acquisition	**1.8**
Less: cash acquired at acquisition	**-**
Net cash movement	**1.8**

15. Post balance sheet events

On 2 April 2026, the Group successfully re-financed the RCF and the IFF with a new £20.0 million Revolving Credit Facility (the 'New RCF') and £45.0 million invoice financing facility (the 'New IFF') with a syndicate of two banks expiring on 1 April 2029. The new facilities include two uncommitted extension options of one year each which would, subject to lender approval, extend the tenor of the New RCF to four years or five years if exercised.

On 13 January 2026, the Group purchased the 3.6% minority interest held by one of the former owners of Direct Heating and Plumbing for £0.5 million, increasing the Group's ownership of this business to 93.6%.