

Bellis Finco PLC

Annual Report and Consolidated Financial Statements

For the Year Ended 31 December 2025

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Company Information

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Company secretary	H Selby
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Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Strategic Report

The Directors present their strategic report for Bellis Finco plc (“the Company”), and Bellis Finco plc and its subsidiaries, (together “Asda”, “the Group”), for the year ended 31 December 2025. Bellis Finco plc is the holding company of the Asda group of businesses and all references throughout this Annual Report to Asda refer to the group of companies consolidated within Bellis Finco plc.

About Asda

Company Background

Asda is a British retailer headquartered in Leeds, UK.

With roots dating back to a family business in the 1920’s in West Yorkshire, today Asda serves over 19 million customers each week through over 1,200 stores and food service sites and has over 135,000 colleagues.

Our primary operations include the sales of groceries, clothing, general merchandise and fuel through our large format and convenience stores, and online through Asda.com and George.com. We also offer a range of other services including food services, Asda Money, Asda Mobile, Pharmacy and Optical Services.

Asda was the first UK grocer to open a clothing range in its stores, with the George brand introduced into our supermarkets in 1990. Today George is a fixture of the British high street.

Our Ownership

Asda is owned and controlled by funds managed by TDR Capital LLP, a UK Limited Liability Partnership registered in England and Wales, with a minority shareholding held by Mohsin Issa.

TDR Capital LLP is a leading private equity firm with approximately €15 billion of assets under management, managing capital on behalf of institutional, government and private investors worldwide. It typically acquires majority stakes in strong, market leading European businesses and partners with them to develop and grow their operations. TDR Capital LLP works in partnership with management to harness opportunities together through board representation and professional support. TDR has an experienced team of investment professionals and operating partners and has a low-volume investment strategy based on principles developed by the investment team over the past decade.

Mohsin Issa is a co-founder of EG Group, a leading global petrol forecourt retail convenience operator founded from a single petrol forecourt in Bury, Lancashire in 2001.

Our Purpose and Strategy

Our purpose is to be the UK’s best fresh food and clothing superstore by satisfying the daily and weekly shopping needs of ordinary people and their families who demand value.

It is the reason we exist and defines what we aim to deliver for our customers.

Our strategy is the means by which we will achieve our purpose. Following the appointment of Allan Leighton as Executive Chairman, we have refocused around seven key areas all brought together under a framework we call the formula for growth.



1. Offering 5 – 10% better value to our customers;

We are dedicated to rebuilding and sustaining a ‘price gap’ compared to other traditional retailers, while also remaining competitive among discount retailers such as Aldi and Lidl. As part of our Formula for Growth strategy, we are committed to delivering better value to our customers, renewing our investment in the ‘Asda Price’ promise.

A major part of our Formula for Growth involves the reintroduction of our ‘Rollback’ programme, which we first introduced in the mid-1990s alongside our ‘Asda Price’ promotional campaigns, both of which firmly established Asda as the value-oriented leader in the UK grocery retail market. In keeping with our distinctive value proposition, we are widening our ‘price gap’ relative to the market by rolling prices back systematically across our product range and to a permanently better value (the ‘Asda Price’).

2. **Asda ranged, always available**, ensuring that our customers can buy the products they want, where and when they need them;

As a part of our Formula for Growth, we have reinforced the importance of maximising availability across all our products to improve customer satisfaction and drive sales, both in-store and online. We have stepped up investments in replenishing our stock during store trading hours, to ensure that products remain readily available. Furthermore, we are improving on-shelf presentation across all stores and formats to increase customer perception of availability. We have also made changes to improve our operational efficiency, focusing on improving store stock record integrity, depot order picking accuracy and consistent process execution across our channels.

3. Providing **stunning fresh food** by leveraging International Procurement Limited (“IPL”), our produce sourcing and cooked meats processing operation, to give us an advantage in freshness and quality;

We believe we have a competitive advantage in food sourcing via IPL and its two subsidiary companies, Forza and Kober, which enable a vertically integrated approach to procurement.

IPL is an important asset that provides valuable sourcing differentiation, with approximately 7% of Asda total cost of goods purchased through IPL, reducing our end to end fresh supply chain costs and delivering strong value to our customers.

4. Giving our customers **25% unmatched mix** by providing an unbeatable proposition, including in store services such as cafés, food service, pharmacy and optical;

Our customer experience strategy is about creating more reasons to shop with us than anywhere else and providing an offering that meets our customers’ needs under one roof. We believe that we are uniquely placed to provide a customer proposition that is hard to match. We provide a wide array of in-store services, including cafes, food services, and pharmacy and optical offerings.

Beyond enhancing our in-store proposition, we have also extended our existing services online. For instance, by leveraging our pharmacy and optical footprint, we have recently launched online optical booking and the Online Doctor service, allowing customers to receive diagnoses and prescriptions online, thereby enhancing convenience and accessibility.

5. Delivering a **serious clothing offer** to our customers through our George brand;

Our ambition is to become the number one clothing brand in Britain by volume. Despite facing significant competition, including intense pricing pressure from our competitors such as Primark, Shein and Temu, we have consistently achieved strong and improving margins in 2025, which we expect will flow through to 2026. We already rank among the largest clothing retailers in the UK by volume, both in store and online, and have maintained our position as a leading childrenswear brand. Our Clothing product line also collaborates with various celebrity partners such as Yasmin Le Bon, Maisey Smith, Billie Faiers and Erica Davies across our seasonal and children’s wear collections to enhance the George brand.

6. Ensuring our products are **sold and served with personality**, creating a positive environment in stores;

We believe that selling with personality is our key differentiator. This is the DNA that we are injecting back into the business.

In March 2025 we announced an £80 million increase in retail pay to increase hourly rates for store-based colleagues to £12.60 from October 2025. Circa 115,000 Asda Retail and Asda Express colleagues received an above inflation increase of 4.7% in three phases, taking rates from £12.04 to £12.60 per hour. Hourly rates for colleagues at stores inside the M25 rose to £13.82 during the year.

Since it was acquired by the shareholder group in 2021, Asda has invested more than half a billion pounds in retail pay, increasing the hourly base rate by 35% from £9.36 to £12.60.

We also made substantial investments in store hours in 2024, that benefitted 2025, to boost customer service. Store colleagues are an integral part of the customer experience.

7. Offering **truly different stores and channels** by focusing our store refresh programme on the areas that matter the most to our customers;

We intend to deliver the Formula for Growth across all our retail formats – Supercentres, Superstores, Supermarkets, Express, Foodservice, Petrol Filling Stations and Online, offering truly different stores and channels on our mission to be the UK's best fresh food and clothing superstore by satisfying the daily and weekly shopping needs of ordinary people and their families who demand value.

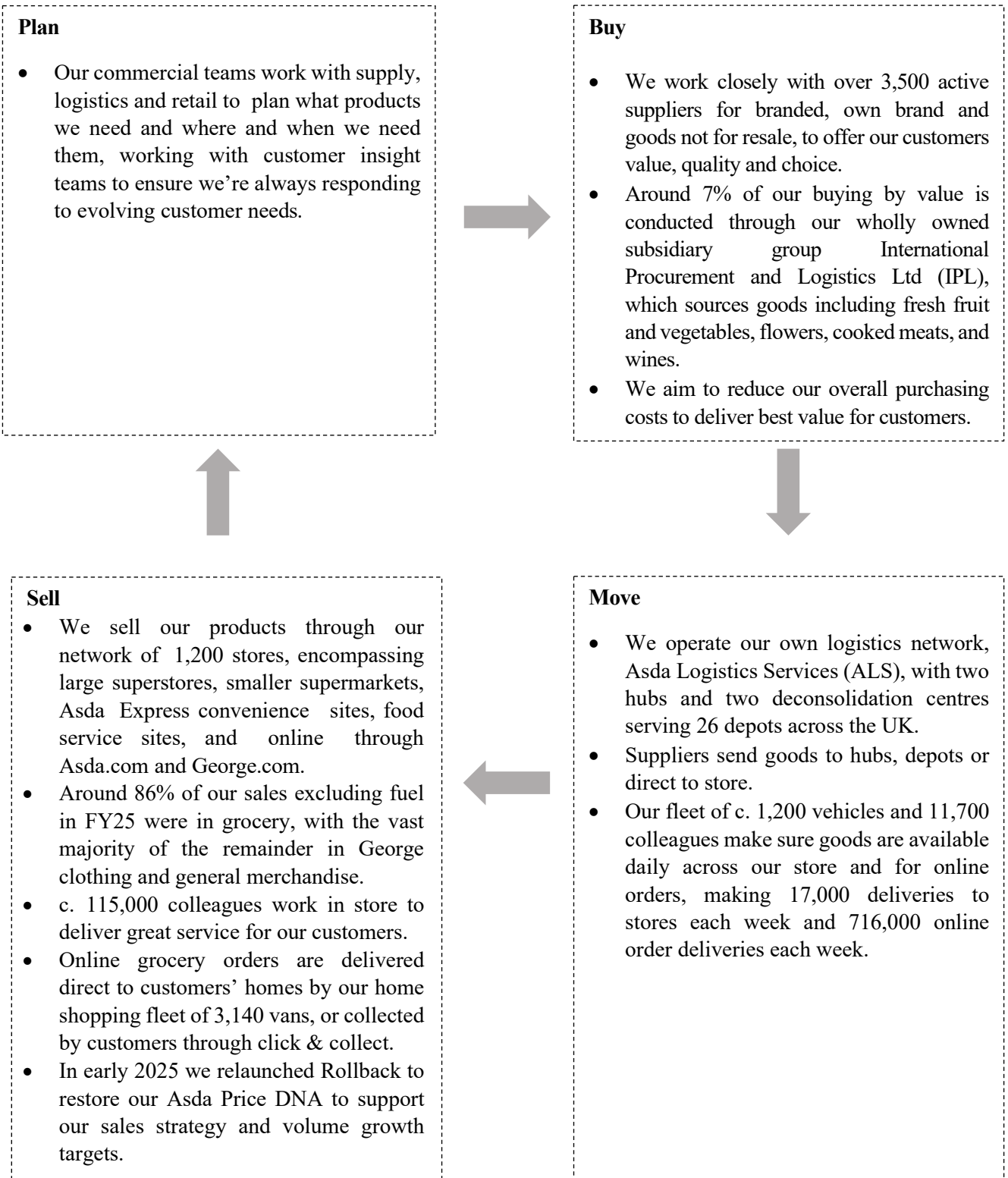
Our Values

Our values are the behaviours and ways of working that make us Asda. They demonstrate that we put customers at the heart of everything we do, always striving to do better for them, working together as one team. We have six values:

- *We are all colleagues, together one team*
- *What we sell is better value*
- *Selling is our universal responsibility*
- *Through selling we make our service legendary*
- *We hate waste of any kind*
- *We each need to improve the business every day*

Our Business Model

We create value in our business through four key operational steps: plan, buy, move, sell, shown on the diagram below. All parts of our business are directly or indirectly aligned to achieve one of these outcomes.



Key Performance Indicators

The Key Performance Indicators (“KPIs”) provided in the tables below and on pages 11 to 13 are those against which the Group measures its performance on an ongoing basis.

IFRS Financial Measures

	FY25	FY24
Revenue	£25,878m	£26,847m
Operating loss	(£351m)	(£44m)
Loss before tax	(£989m)	(£599m)
Loss after tax	(£716m)	(£487m)

Discussion of each of these measures is included in the Financial Review section from page 14 below.

Alternative Performance Measures

Further KPIs presented below are not required by, nor presented in accordance with, International Financial Reporting Standards (known as Alternative Performance Measures, “APMs”). The APMs included do not alone provide a sufficient basis to compare the Group’s performance with that of other companies and should not be considered in isolation or as a substitute for an equivalent IFRS measure (if applicable), or any other generally accepted measure, as an indicator of operating performance or liquidity. Such APMs are unaudited. Where applicable, reconciliations are provided below to reconcile the APMs to captions shown on the face of the primary statements.

The Directors believe that these APMs assist in providing additional useful information on the trends, performance and position of the Group, and are consistent with how management views the business for internal reporting, analysis, planning and decision-making. Further, the APMs are the key measures by which the Group’s external lenders and bondholders assess its performance.

Metric (Unaudited)	Definition	FY25	FY24
Revenue ex-fuel	Total sales (excluding VAT) excluding fuel	£20,997m	£21,713m
Like-for-like sales growth (ex-fuel)	Current year comparable sales excluding fuel (excluding VAT) versus prior year comparable sales. Current year comparable sales includes all revenue except fuel sales, sales generated from stores in the first twelve complete calendar months following opening or acquisition, sales generated from stores that have permanently closed, sales generated from stores that have been temporarily closed for more than two consecutive calendar months within the previous twelve full calendar months, financial services commissions, and toyou sales. Sales are net of Asda Rewards earned and other discounts. For details of the calculation of like-for-like sales growth refer to the Reconciliation of IFRS to Non-IFRS Measures on page 23.	(3.1)%	(3.4)%
Operating profit pre-non-underlying items	Certain costs are presented on the face of the Consolidated Income Statement as non-underlying in the current year and prior year by virtue of their size and nature. Please refer to Note 4 Operating Costs for further detail.	£304m	£671m
EBITDA	EBITDA is calculated by adding back to Operating Profit/(Loss), amortisation and depreciation, certain gains/losses on disposal of tangible, intangible and right-of-use assets, and impairments. EBITDA is included as an APM for reporting as a measure of profitability.	£763m	£1,141m
Adjusted EBITDA	Adjusted EBITDA is a pre-IFRS16 measure which is adjusted for the period for certain historical costs, including: rental costs to eliminate the impact of IFRS 16, one-off incremental costs associated with the implementation of a standalone IT infrastructure as we separate from Walmart ("Project Future"), and the removal of other one-off items. Details of adjustments are included in the reconciliation from Operating (Loss)/Profit to Adjusted EBITDA on page 23.	£761m	£1,141m
Pro Forma Adjusted EBITDA	Adjusted EBITDA for the period including further adjustments to reflect the expected future benefit of the acquisitions of Arthur Foodstores Ltd ("Arthur") and Asda Express (Jersey) Ltd ("Express"). Adjustments include targeted future synergies in respect of the acquisition of Arthur, and targeted future synergies in respect of the acquisition of Express and the annualisation of sale & leaseback rent costs. Refer to the Supporting Reconciliations for Non-IFRS Measures section on page 25. Pro Forma EBITDA is included as an APM as a key measure used by the Group's investors and lenders to assess performance.	£779m	£1,235m
Capital Expenditure	The total costs of property, plant and equipment and intangible assets of which the Group takes ownership within a financial period (as opposed to the IFRS measurement of capital expenditure which is based on cash flows). Refer to Reconciliation of IFRS to Non-IFRS Measures on page 24.	£298m	£366m

Underlying Free Cash Flow	Adjusted EBITDA less Capital Expenditure (excluding capital expenditure on Project Future). Refer to the Supporting Reconciliations for Non-IFRS Measures section on page 25.	£508m	£817m
Cash Flow from Operations	Underlying Free Cash Flow plus movements in net working capital.	£966m	£717m
Free Operating Cash Flow	Cash Flow from operations less Project Future costs, disposals and exceptionals plus Pro Forma Cash Adjustment (see explanation below). £211m was adjusted into 2024 Free Operating Cashflow and out of 2025.	£363m	£564m
Net Debt – excluding lease liabilities and corporate ground rent	Total external debt excluding IFRS16 lease liabilities and ground rent obligations, net of cash on balance sheet. Refer to a breakdown in the Capital Structure, Net Debt and Leverage section below on page 19. Net Debt is included as an APM as a key measure used by the Group's investors and lenders to assess performance.	£3,110m	£3,831m
Leverage	Net Debt divided by Pro Forma EBITDA.	4.0x	3.1x
Pro Forma Cash Adjustment	Pro Forma Cash Adjustment in the prior year related to £211m of terms benefits agreed in 2024 which were delivered in 2025. This was included in FY24 Free Operating Cash Flow (and removed from 2025 above) to align with the timing of the suppliers' contractual agreements and gives users a more representative view of cash generation in 2024.	-	£211m
Pro Forma Adjusted Leverage	Pro Forma Adjusted Leverage includes the Pro Forma Cash Adjustment. Pro Forma Adjusted Leverage is included as an APM as a key measure used by the Group's investors and lenders to assess performance. Refer to the Supporting Reconciliations for Non-IFRS Measures section on page 25 for further information.	4.0x	2.9x

Non-Financial KPIs

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The Group also considers a number of key non-financial measures to track its performance, shown in the table below.

<i>Unaudited</i>	FY25	FY24
Kantar FMCG Grocery Panel – Total Till roll Grocery market share¹	11.4%	12.4%
Number of in-store transactions (thousands)²	806,700	840,200
Online sales participation³	16.1%	17.5%
Asda Rewards participation⁴	48%	56%

Discussion of each of these KPIs in the context of FY25 performance is included within the Financial Review section on page 14 below.

In addition to grocery data, a range of other Kantar market data metrics is reviewed and tracked routinely on a category basis. The Group also tracks market data from other private sources, customer satisfaction surveys and supplier surveys. Please refer to the customer and supplier sections below for further information.

¹ Kantar week FMCG grocery panel, total till roll grocery market share, 12 weeks ending 28 December 2025 and 29 December 2024 respectively

² Total number of individual transactions in-store during the year (excludes transactions at stores from acquisitions)

³ Sales through online and click and collect channels as a proportion of sales excluding fuel (excludes sales through stores from acquisitions)

⁴ Proportion of sales linked to Asda Rewards, December 2025 and December 2024 (excludes stores from acquisitions)

Financial Review

Summary

FY25 saw significant progress on the journey to rebuild Asda, as we launched the Formula for Growth and completed the cutover of Stores and Depots from legacy Walmart technology to new Asda systems through the completion of the Project Future programme.

In Project Future we have replaced legacy technology end to end across the business and have started to unlock significant advancements in Food Retail data analytics. Between 2022 to 2024 we delivered technology enhancements in all depots and home offices as well as rolling out inventory management solutions across over 800 stores, primarily our smaller formats. FY25 saw all large stores and depots move onto SAP for inventory management and our website rebuilt to operate standalone from Walmart.

The Asda business will be stronger and fitter for the future as a result of the technology transformation made in FY25, and the continued progress of the acquired Asda Express convenience businesses.

In FY25 we made a material investment into Group EBITDA to kick start the Formula for Growth and we were pleased with the progress made through H1. We strengthened our position as the UK's cheapest traditional grocer, through the Rollback and Asda Price mechanics, and improved our in-store availability to levels not seen for 8 years.

This progress delivered a strong sales recovery in the first half of FY25, from negative (4.2)% in Q4 2024 to negative (0.2)% in Q2 2025. However, our progress was interrupted in Q3 as we completed the cutover of the larger stores and depots to SAP and began to trade in a converted and standalone retail systems environment. The impact on systems stability proved more material and prolonged than we had expected, resulting in reduced availability instore and increased friction in the online customer journey.

Pleasingly we stabilised core systems between Q3 and Q4, operational input metrics recovered and are being sustained, which is necessary to maintain customer confidence and drive sales once again. However, this recovery resulted in some one-off exceptional costs, including store wages, waste and logistics costs to support availability through the disruption as well as technology costs to improve system performance. There remains some optimisation still to do, particularly on the website, which will form part of our technology development roadmap in 2026.

Operating loss post-non-underlying items has increased year-on-year due to a decrease in margin following investment in our Formula for Growth, an increase in employment costs driven by changes to National Insurance contributions and the impact on sales from disruption following the completion of Project Future.

Cash generation remained strong, with Free Operating Cash Flow of £363m.

During the year we invested significantly into colleague pay once again and maintained the additional hours invested into stores in the prior year to improve customer experience. We have been able to successfully offset the majority of these, and other inflationary cost headwinds in 2025, through our simplification and productivity programmes across our end-to-end supply chain.

Our George clothing business remains a key part of our unmatched mix and is a major differentiator to the rest of the market, both in relative terms compared to Food but also in its absolute size. However, it was also impacted by disruption to availability and customer experience online through Project Future, and from lower sales and footfall in the core food business.

We are pleased with the performance of our Asda Express format, with EBITDA up year-on-year now for six consecutive quarters and sales growth ahead of the wider convenience market.

In July 2025 we refinanced £500m of Senior Unsecured Notes and repaid the remaining £302m February 2026 Senior Secured Notes, with the issuance of €700m Euro Senior Secured Notes, which diversified our capital structure and resulted in no maturities on external borrowings falling due before 2028. Further detail of performance in the year is discussed below.

Revenue

Revenue ex-fuel was £20,997m in FY25 (FY24: £21,713m), year on year decline of 3.3% (FY24: decline of 0.8%), and a like-for-like decrease of 3.1% (FY24: decrease of 3.4%).

Revenue including fuel of £25,878m was £969m lower than the prior year (FY24: £26,847m).

Ex-fuel sales comprise food, clothing, general merchandise and food service sales. c.86% of ex-fuel revenue in FY25 related to food (FY24: 85%). Ex-fuel revenue reduced across both food and non-food in the Asda large stores business.

Ex-fuel sales were particularly impacted in H2 by disruption following the substantial completion of Project Future affecting on-shelf availability and customer experience online through increased website friction.

By mid-November availability had recovered to levels experienced in Q2 and our Online Customer Satisfaction Index had also increased back to its Q2 position as the number of Major Incidents related to Project Future technology reduced back to sustainable levels.

Having built our price gaps through the year, we maintained these through Q4 as we sustained our investment into 'Rollback' and 'Asda Price'. This ensured that we have started 2026 with a strong value proposition to accelerate the recovery of sales lost to Project Future Disruption through H2 2025.

Food

Food sales at a group level fell 3.2% like-for-like in 2025, however through the first half of 2025 they responded positively to improvements in availability and the implementation of Rollback and Asda Price.

Since reintroducing Rollback and Asda Price at the beginning of FY25, we have rolled back prices on more than half of all products both in-store and online.

This investment has reinforced Asda's position as the UK's cheapest traditional supermarket, as shown by regular independent price comparison surveys. We have once again been recognised as the UK's lowest-priced major supermarket in 2025 by The Grocer at its annual 'Grocer Golds' award ceremony.

In 2025, Asda outperformed its traditional supermarket competitors—on both base and loyalty prices—by consistently offering the lowest prices on a basket of everyday items, as tracked by The Grocer's trusted weekly survey.

In the run up to Christmas, we introduced more than 200 new festive lines and were also named runner-up in the prestigious Good Housekeeping Christmas taste test, earning 10 first- and second-place product recognitions. In the same test, Asda was awarded "best for wines Christmas 2025," further demonstrating that great quality and great prices can go hand in hand.

In the Asda Express convenience business, food sales including foodservice contributed £865m of ex-fuel revenue in FY25 (FY24: £841m).

Asda did experience a decline in grocery market share in its legacy estate according to Kantar, holding 11.4% as at December 2025 (December 2024: 12.4%⁵).

We remain confident that the underlying financial strength of the group and the success of the Formula for Growth through H1 25, provide a platform to return to sales growth again through 2026.

⁵ Kantar FMCG grocery panel, total till roll grocery market share, 12 weeks ended 28 December 2025 and 29 December 2024 respectively

Non-food

Non-food revenue comprises sales of clothing and general merchandise, predominantly generated from Asda's large store estate, and accounted for c.14% of the Group's sales ex-fuel in FY25. Clothing sales were down 2.0% year on year on a like-for-like basis, and general merchandise sales decreased by 2.7% like-for-like in 2025. Non-food sales across both clothing and general merchandise were also impacted by disruption to availability and customer experience online following Project Future systems cutover.

Non-food remains a key asset to the Group and delivers relatively higher margins compared to the food business. Trading remained resilient during the year against the backdrop of a challenging non-food market and the disruption from systems change. Asda's clothing business is the third largest UK clothing retailer by volume and George is a leading name in UK apparel retail, continuing to be a key differentiator for our customers with its brand resonance.

Overall we remain pleased with the position of our non-food business. We had clean exits from seasonal ranges, and disciplined execution and supply management minimised clearance markdown and maximised full price sales, improving margins further year on year.

Online

Online sales comprise Asda.com grocery sales and non-food sales through George.com. Online grocery sales underperformed relative to the core food business, declining 8.1% year-on-year (YoY) due to the impact to customer experience from the transition to a new Asda.com website. The online customer journey from logging in, building a basket, to checking out, was disrupted initially. We have made significant improvements since its full launch in Q3 2025, however there is some optimisation still required which will form part of our 2026 technology roadmap.

George.com non-food sales fell by 2.8% in FY25, having also been impacted by systems cutover. As a result, the proportion of sales made through online delivery and click and collect orders fell in FY25 to 16.1% (FY24: 17.5%). However, online remains a key element of Asda's omnichannel retail offering, fostering strong customer loyalty and typically larger spend per basket.

Fuel

Fuel sales of £4,881m were 4.9% lower than the prior year (FY24: £5,134m) predominantly due to a market driven reduction in average selling price per litre of fuel.

Food service

Our food service offering comprises franchises of well-known brands including Greggs, Subway and Burger King, Food service sales of £241m were recorded in FY25 (FY24: £251m). Proprietary brand Leon was disposed of in October 2025, driving the sales reduction YoY.

Operating Profit Pre-non-underlying Items

Operating profit pre-non-underlying items decreased to £304m in FY25 from £671m in FY24, driven by a decrease in trading margins following investment in price to kickstart our Formula for Growth, as discussed above and the impact on sales of Project Future disruption in the second half of the year. Despite inbound inflation from increased employment costs, we have managed overall cost headwinds well through delivery of simplification and productivity initiatives.

Operating Profit/Loss

Operating loss (post-non-underlying items) was £351m (FY24: operating loss of £44m). The operating loss in FY25 includes a net impairment charge of £344m (FY24: impairment charge of £378m). Additionally, exceptional costs were incurred in the year relating to the Group's investment in Project Future of £284m (FY24: £310m), our IT separation programme from Walmart. Non-underlying costs incurred relating to Project Future in the current year included non-recurring costs incurred in stores

and distribution centres in the post-conversion period, including inventory loss and other operating costs incurred as a result of temporary disruption to replenishment processes, Transitional Services Agreement recharges from Walmart and consultancy costs incurred in relation to the management of the programme. Further non-underlying items relate to restructuring costs of £27m (FY24: £27m non-underlying, plus a further £8m in Adjusted EBITDA) as a result of restructuring programmes in the stores and head offices.

Adjusted EBITDA

Further adjustments are made to operating profit pre-non-underlying items to arrive at Adjusted EBITDA, such as adding back costs related to depreciation, amortisation and acquisition integration, to provide an alternative view of underlying operating performance of the business on a pre-IFRS16 basis, as tracked by management. Adjusted EBITDA decreased to £761m (FY24: £1,141m) in FY25, driven by a planned material investment into price and the impact from Project Future, as discussed above. Please refer to the Reconciliation of IFRS to non-IFRS measures section on page 23 below for details of a reconciliation of Adjusted EBITDA to the Consolidated Income Statement.

Interest

Finance Income

Finance income increased from £56m in FY24 to £91m in FY25, primarily due to a gain on modification of an existing amount due from a fellow wholly-owned subsidiary of the ultimate parent of £38m.

Finance Costs

Finance costs were £729m, compared to £611m in the prior year. The increase was primarily due to higher costs payable on external borrowings (£435m vs. £340m FY24) due to higher interest rates following refinancing activities in the current and prior year. Within external interest payable in the prior year is a £27m gain on modification of an existing external borrowing facility. Interest payable on lease liabilities increased to £233m from £218m, partially driven by the sale-and-leaseback transaction completed in 2025 (see note 9 for further details).

Profit/Loss Before Tax

Loss before tax of £989m (FY24: loss before tax £599m) was a deterioration of £390m on the prior year, reflecting the investment in operating profit and higher interest costs as discussed above. The loss before tax includes an impairment charge of £344m in FY25 (FY24: impairment charge £378m).

Taxation

Income tax was a credit of £273m in FY25 compared to a credit in FY24 of £112m, primarily due to the deterioration in profit before tax in FY25 compared to FY24.

Net Profit/Loss

A net loss of £716m (FY24: net loss £487m) was a deterioration of £229m compared to FY24 due to an increase in loss before tax described above offset by a higher income tax credit as described above.

Capital Expenditure

Capital Expenditure (as defined by management, including Project Future investment) of £298m in the year was £68m lower than the prior year (FY24: £366m). The spend excluding Project Future was £253m vs. £324m in FY24, and Capital Expenditure on Project Future was £45m vs £41m in FY24.

Around 57% of the Group's investment in FY25 was on essential asset replacement and maintenance (FY24: 57%), including replacement of store refrigeration units and property maintenance costs, 28% was focused on discretionary spend to drive growth (FY24: 32%), including upgrades to store environment and investment in systems to improve efficiency of operations. The remaining 15% (FY24:

11%) was invested in Project Future, comprising investment in the detailed design, build and implementation of Asda's standalone IT environment as we separate from previous owner Walmart's IT systems. Please refer to the Reconciliation of IFRS to Non-IFRS Measures section on page 24 below for detail on the calculation of management's Capital Expenditure KPI.

Free Operating Cash Flow

Free Operating Cash Flow was £363m in FY25 (Excluding £211m pro-forma terms agreed in 2024, FY24: £564m, including the £211m pro-forma terms cash adjustment).

Over the last 4 years, we have now delivered c.£1.0bn of underlying working capital improvement.

Cash Flows from Operating, Investing and Financing Activities

Net cash flow from operating activities in FY25 was £1,235m, which included a net working capital inflow of £473m. The net working capital inflow was driven primarily by improvements in supplier terms within trade and other payables, including £211m agreed with suppliers in FY24 which was cash-effective in FY25.

Net cash outflows from investing activities of £191m included the purchase of property, plant and equipment and intangibles of £293m (refer to Capital Expenditure section above). This was partially offset by proceeds from the sale-and-leaseback of £67m and external interest received of £19m.

Net cash outflows from financing activities of £528m included the repayment of external debt of £810m following our refinancing activities, partially offset by the proceeds from the draw down of external debt (net of fees) of £587m. For more information about our refinancing events during the year, see the Key Principal Decisions section on pages 20 and 21. The net cash outflow was also driven by capital and interest payments in respect of leases of £398m and external interest paid of £374m. These outflows are partially offset by an inflow of £482m from the sale-and-leaseback transaction (see note 9 for further details).

Balance Sheet

The Group had net assets of £2.7bn as at 31 December 2025 (FY24: £3.5bn), which included principally:

- £15.2bn (FY24: £15.9bn) of non-current assets including PPE, right-of-use assets, intangibles and amounts due from wholly owned subsidiaries of the ultimate parent;
- Negative net working capital of £(3.7)bn (FY24: £(3.1)bn), including £1.4bn (FY24: £1.3bn) of inventory and £0.3bn (FY24: £0.3bn) of trade and other receivables, offset by £(5.1)bn (FY24: £(4.5)bn) of trade and other payables and £(0.3)bn of provisions (FY24: £(0.2)bn);
- Total net debt of £(3.5)bn (FY24: £(4.1)bn), comprising £(4.8)bn (FY24: £(4.9)bn) of external borrowings net of £1.3bn (FY24: £0.8bn) of cash;
- £(4.2)bn (FY24: £(3.8)bn) lease liabilities;
- £(0.7)bn (FY24: £(1.0)bn) deferred tax liabilities; and
- £(0.5)bn (FY24: £(0.5)bn) shareholder loan.

Key movements in the balance sheet between 31 December 2025 and 31 December 2024 include:

- Decrease in PPE of £1,069m, primarily attributed to £445m of depreciation charged, £303m of impairment charged and £562m disposals (predominantly driven by the sale-and-leaseback transaction), partially offset by £241m of additions;
- Increase in right-of-use assets of £316m, due to additions of £614m driven by the sale-and-leaseback transaction, partially offset by depreciation of £229m and a net impairment charge of £38m;
- Increase in cash of £516m – see above comments and the Consolidated Statement of Cash Flows for further details of cash movements during the year

Capital Structure, Net Debt and Leverage

The Group is funded through a capital structure of equity, external debt and cash on balance sheet. The table below provides a summary of Net Debt - excluding lease liabilities and corporate ground rent (as set out on page 12) as at 31 December 2025.

Facility	Amount (£m)	Maturity	Interest	Notes
Cash and cash Equivalents	1,339			
Revolving Credit Facility	-	Oct-28	SONIA + 3.75bps	The Group has an available facility of £793m. Of the available facility, £nil was drawn at the balance sheet date. The facility attracts a commitment fee of 1.125% and interest payable on any drawn portion only.
Term Loan A	162	Oct-28	SONIA + 3.75bps	
Apollo facility	684	Oct-29	SONIA + 5.75bps	79% of the floating SONIA element was hedged with interest rate swaps
Senior Secured Notes	1,750	May-30	8.125%	
Term Loan B	1,104	May-31	EURIBOR + 4.00bps	The Euro loan balance of €1,285m has been fixed via cross-currency interest rate swaps, which mature in May 2027. The currency elements of the associated cash flows have been fully hedged at rates between 1.14 - 1.22 and 74% of the variable interest rate element has been hedged at fixed GBP interest rates ranging from 8.64% to 8.80%.
Term Loan B	152	May-31	EURIBOR + 4.00bps	The Euro loan balance of €185m has been fixed via cross-currency interest rate swaps, which mature in May 2027. The value shown adjacent is the equivalent GBP value as at inception taking into account the hedge in place. The currency elements of the associated cash flows have been fully hedged at rates between 1.21 - 1.22 and 75% of the variable interest rate element has been hedged at fixed GBP interest rate of 8.74%.
Euro Senior Secured Notes	597	Jul-31	8.00%	The Euro loan balance of €700m has been fixed via cross-currency interest rate swaps, which mature in July 2028. The value shown adjacent is the equivalent GBP value as at inception taking into account the hedge in place. The currency elements of the associated cash flows have been fully hedged at a rate of 1.17.
Total Net Debt	3,110	Note: excludes lease liabilities and the corporate ground rent facility		

The Group has a number of covenants in place in respect of its financing structure which, among other things, restrict the Group from entering into certain transactions. This includes limitations on the incurrence of additional indebtedness, and restrictions on certain types of payments, liens, dividends, sale of assets, affiliate transactions and mergers and acquisitions. The Group is also required to test certain financial covenants at each quarter end in the event that the RCF is 40% drawn at the quarter end date. The Group has policies and procedures in place to ensure that it continues to comply with its covenants, and was compliant with its covenants throughout FY25.

The Group entered into re-financing events in 2025 during which the Group issued €700m of Euro Senior Secured Notes in July 2025 and repaid the £500m February 2027 Senior Unsecured Notes and remaining £302m of February 2026 Senior Secured Notes. For more information, see the Key Principal Decisions section below.

The capital structure has enabled the business to deliver value for customers whilst also providing liquidity to drive growth through investment in strategic initiatives and its IT separation programme Project Future.

Asda's Pro-forma adjusted leverage ((Net Debt adjusted for Pro Forma cash adjustment) / Pro Forma EBITDA) increased to 4.0x as at 31 December 2025 (2024: 2.9x). A pro-forma cash adjustment of £211m in FY 24 represented terms benefits agreed in 2024, which were fully realised during H1 FY25, as set out on page 12.

Please refer to the Consolidated Balance Sheet and Note 20 Borrowings in the Notes to the Financial Statements for further information.

Liquidity

Asda is a highly cash generative business and has access to liquidity in the form of cash on balance sheet of £1,339m at year end FY25, and a revolving credit facility (RCF) of £793m.

The Group also benefits from supply chain finance facilities which enable suppliers participating in the programme to receive payment sooner than our standard payment terms. The facility is at no cost to the Group. Please refer to Note 19 Financial Instruments for further information about this.

Key Principal Decisions

Refinancing activities

On July 1, 2025, Bellis Acquisition Company plc (the "Issuer") completed the offering (the "Offering") of an aggregate principal amount of €700 million of 8.000% senior secured notes due 2031 (the "Notes").

The proceeds from the Offering, were used to provide funding to Bellis Finco plc ("Bellis Finco") to finance the redemption of Bellis Finco's £500 million aggregate principal amount of existing 4% senior unsecured notes issued on February 24, 2021. Additionally, the Issuer used cash on hand to redeem £262 million in aggregate principal amount of existing 3.25% senior secured notes issued on February 24, 2021 and £40 million in aggregate principal amount of existing 4.50% senior secured notes issued on November 5, 2021, which were not tendered into the cash tender offer made by the Issuer on April 26, 2024. The remainder of the proceeds from the Offering will be used to pay fees and expenses incurred in connection with these transactions and for general corporate purposes.

Agreement of sale and leaseback of certain Asda store and distribution assets

On November 19, 2025, Bellis Finco plc announced that agreements had been signed with Blue Owl Capital to sell and leaseback 20 Asda stores & 1 depot and with DTZ Investors to sell and leaseback 4 Asda stores. 24 of these sites completed during the year.

The proceeds generated from the sale and leaseback transactions were £549m, before taxes and fees, and will be used to fund our ongoing capital investments in the business and reduce net leverage.

There is no day-to-day impact on the operations of these sites, Asda's supply chain or workforce.

Hive up of acquisition trading assets into Asda Stores Ltd

On 1 August 2025, Arthur Foodstores Ltd ("Arthur") and Asda Express Ltd ("Express") trading assets were hived up into Asda Stores Ltd as part of the integration of the acquired businesses into the Bellis Finco plc group in advance of the conclusion of the Transitional Services Agreement which ended on 31 October 2025.

Outlook: Trends and Factors Affecting Future Development

The UK grocery market remains extremely competitive amid persistent macroeconomic pressures, including rising operating costs, continued geopolitical instability, and the implementation of regulatory measures such as extended producer responsibility (EPR). Consumer confidence remains fragile, influenced by elevated energy costs and shifting household spending patterns, all of which contribute to ongoing price competition across the sector.

Despite these headwinds, Asda will continue to focus on strengthening its value proposition, building on its expanded Rollback programme and targeted price investments to support customers facing cost-of-living pressures. The Company has also maintained investment in store hours, colleague pay, and operational improvements, enhancing availability and overall customer experience.

Looking ahead, the UK food and non-food retail markets are expected to remain resilient into 2026, although the ongoing conflict in Europe and instability in the Middle East continue to pose risks to commodity prices and consumer sentiment. Asda remains focused on price leadership reinforcing its value credentials across food, non-food, and fuel, while extending its reach through the expanding Asda Express convenience estate—an area expected to drive significant growth as proximity shopping and quick-mission trips increase in importance.

The UK online grocery and convenience sectors are expected to continue outperforming the wider market, with online remaining the fastest-growing channel and convenience strengthening as retailers invest in smaller formats, digital integration, and frictionless shopping experiences. Having invested in online capacity and website experience, as well as establishing a 500-store convenience estate, Asda is well positioned to capitalise on these trends moving forwards.

Events since the Balance Sheet Date

There are no events subsequent to the Balance Sheet date and prior to the date of approval of the financial statements which require disclosure or recognition per the requirements of IAS 10.

Reconciliation of IFRS to Non-IFRS Measures

Reconciliation of revenue to like-for-like sales

	FY25	FY24
<i>Unaudited</i>		
Revenue	25,878	26,847
Fuel	(4,881)	(5,134)
Non-store sales	(100)	(109)
Newly opened stores	(9)	(3)
Discontinued operations (Leon)	(32)	(66)
Third party café changes	(27)	(42)
Permanently closed stores	(7)	(12)
Like-for-like sales	20,822	21,481
% like-for-like sales growth	(3.1)%	(3.4)%

Reconciliation of operating (loss)/profit to Adjusted EBITDA

Operating loss	(351)	(44)
Depreciation and amortisation	757	783
Net loss on disposal	13	23
Impairment charges	344	378
EBITDA	763	1,141
Rent (1)	(382)	(395)
Restructuring (2)	27	35
Future (3)	284	310
Advisor fees relating to acquisitions, disposals and re-financing*	13	14
Post Acquisition integration costs (4)*	24	27
Acquisition Exceptionals (5)*	19	7
EPR (6)	12	0
Other	1	2
Adjusted EBITDA	761	1,141

Adjustments between EBITDA and Adjusted EBITDA comprise:

- 1) Proxy rental charge for leased assets and ground rent.** Adjusted EBITDA, as presented here and used to calculate a secured net leverage ratio deducts from post IFRS-16 EBITDA the cost of operating leases and finance leases calculated on a lease-by-lease basis. It includes an adjustment to reflect the Group's obligations in respect of ground rent agreements, which is equivalent to the interest and principal payable on the loan. Please refer to Note 20 Borrowings for further information. This treatment is to align the presentation with the commercial substance of the ground rent arrangement and is consistent with treatment of rent related to leases. The rental charge has not been included as a non-underlying item in Note 4 Operating Costs as it does not conform with UK-adopted international accounting standards ("UK-adopted IFRS").

- 2) **Restructuring costs.** This relates to the total restructuring cost incurred in the year. Restructuring costs of £27m included as a non-underlying item in Note 4 Operating Costs relate to restructuring programmes enacted during the year.
- 3) **One-off separation costs for Project Future.** Since Asda's acquisition by TDR Capital and the Issa Brothers in February 2021, the Group has embarked on a programme, Project Future, to separate its IT systems from its previous owner Walmart. The separation programme is one-off and non-recurring in nature, and is transitioning the Group to a standalone, IT infrastructure using software as a service from best-in-class digital partners. This software will enable us to improve operating efficiencies, make better use of data, improve experience for customers and colleagues, and enable the business to be more agile in responding to customers' needs. During the year, we completed the conversion of all stores and all distribution centres from legacy Walmart systems to the new standalone systems. Cumulative cash outflow to 31 December 2025 for the project was £1,224m.

<i>Unaudited</i>	Cumulative cashflow recognised to 31 December 2025
Capital expenditure	168
Operating expenditure	1,056
Total expenditure	1,224

- 4) **Post acquisition integration costs** include Starbucks pass through rental income, Transitional Services Agreement prepayment and colleague integration payment costs
- 5) **Acquisition exceptionals** includes one off tech and labour costs in recent acquisitions
- 6) **Extended Producer Responsibility (EPR).** EPR costs have not been included as a non-underlying item in Note 4 Operating Costs as the charge included in the Consolidated Income Statement reflects a full year of expense in line with the requirements of UK-adopted international accounting standards ("UK-adopted IFRS").

**These items are not included as non-underlying items in Note 4 Operating Costs due to materiality*

Reconciliation of Capital Expenditure to purchase of PPE and intangibles

A reconciliation from the Capital Expenditure key performance indicator to capital expenditure as disclosed in the consolidated statement of cash flows is outlined below. There are timing differences between the two measures due to internal capital expenditure being presented on an accruals basis. Additionally, management's Capital Expenditure KPI excludes investment in Project Future as this investment programme is one-off and non-recurring in nature.

<i>Unaudited</i>	FY25	FY24
Capital expenditure – management KPI	253	324
Project Future capital expenditure	45	41
Timing differences	(5)	15
Capital Expenditure per Consolidated Statement of Cash Flows	293	380

Supporting Reconciliations for Non-IFRS Measures

Reconciliation of Adjusted EBITDA to Underlying Free Cash Flow

<i>Unaudited</i>	FY25	FY24
Adjusted EBITDA	761	1,141
Capital Expenditure excluding Future	(253)	(324)
Underlying Free Cash Flow	508	817

Reconciliation of Underlying Free Cash Flow to Free Operating Cash Flow

<i>Unaudited</i>	FY25	FY24
Underlying Free Cash Flow	508	817
Movements in net working capital ⁶	458	(100)
Cash Flow from Operations	966	717
Future costs	(329)	(350)
Disposals	6	29
Exceptionals ⁷	(46)	(43)
Other ⁸	(23)	-
Pro-forma cash adjustment	(211)	211
Free Operating Cash Flow	363	564

Reconciliation of Adjusted to Pro Forma EBITDA

<i>Unaudited</i>	FY25	FY24
Adjusted EBITDA	761	1,141
Arthur acquisition targeted future synergies	7	14
Asda Express Ltd acquisition targeted future synergies	51	67
Sale-and-leaseback rent annualisation	(40)	-
Grocery integration learnings	-	13
Pro Forma EBITDA	779	1,235

Leverage Calculation

<i>Unaudited</i>	FY25	FY24
Net Debt (A)	3,110	3,831
Pro forma Cash Adjustment (B)	-	211
Pro Forma EBITDA (C)	779	1,235
Pro Forma Adjusted Leverage (A - B / C)	4.0 x	2.9 x

⁶ Movements in net working capital is different to the total movements in working capital in the Statement of Cash Flows due to the above net working capital including amounts for Extended Producer Responsibility, lease timing differences, TSA prepayments, rental income on Starbucks sites, finance lease receivables and fees in relation to acquisitions.

⁷ Exceptionals comprise restructuring costs of £27m and Arthur and Express acquisition exceptionals of £19m.

⁸ This mainly relates to lease timing differences.

Governance

The Group qualifies for the enhanced annual reporting disclosure requirements placed upon portfolio companies and private equity in accordance with the Guidelines for Disclosure and Transparency in Private Equity, the “Walker Guidelines”.

In addition, the Companies (Miscellaneous Reporting) Regulations 2018 requires companies of a certain size to make a statement in the Directors’ Report summarising the corporate governance arrangements applied by the company. Whilst Bellis Finco PLC does not fall within the scope for this regulation, it has a number of subsidiary companies (Asda Stores Limited, McLagan Investments Limited, The Burwood House Group Limited, International Procurement and Logistics Limited) which do meet the criteria. Given the structure of the Group’s governance arrangements, the expectations of users of the accounts for the Group, and the overlap with certain Walker Guideline disclosures, an outline of governance arrangements is provided below.

Governance Framework

The Group’s governance framework has continued to evolve since our change in ownership in February 2021. The governance framework is summarised below in the context of the Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council in 2018. As noted above, these disclosures are provided voluntarily for Bellis Finco PLC to meet the expectations of, and provide appropriate transparency for, the users of the accounts.

Principle One: Purpose and Leadership

Purpose

Our purpose is to be the UK’s best fresh food and clothing superstore by satisfying the daily and weekly shopping needs of ordinary people and their families who demand value.

Values and Culture

There are six values which are the behaviours and ways of working that make us Asda. Please refer to the Our Values section above for further information.

We aim to create an inclusive and diverse culture. Refer to the Our Colleagues section below for further detail of how we do this.

Strategy

The Group has seven strategic priorities which support the delivery of our purpose, focused around pace, motivation and simplicity. Please refer to the Our Purpose and Strategy section on page 5 for further information.

Principle Two: Board Composition

The Group is ultimately governed by the board of directors of Bellis Finco PLC’s indirect parent company, Bellis Topco 2 Limited (“the Board”). The Board comprises six directors and meets regularly to facilitate monitoring and oversight of the operations, performance and key decisions of the Group. Details of the Board are provided in the table below and includes those who served during the year-ended 31 December 2025. Those marked with an asterisk are directors of both Bellis Topco 2 Limited and the Company Bellis Finco PLC, as detailed in the Company Information section of this report.

Name and role	Appointment date	Career and experience
Allan Leighton – <i>Executive Chairman</i>	November 2024	<p>Allan started his career at Mars Confectionery as a Salesman in 1974. He worked his way up through the company before leaving in 1991. Allan then joined Pedigree Petfoods, where he was Sales Director until his appointment in 1992 to Asda Stores Ltd.</p> <p>He began his career in Asda as Group Marketing Director and was appointed Chief Executive in 1996. There he was credited with a successful turn-around of the business in the mid-late nineties and oversaw the acquisition of the business by Wal-Mart in 1999. In November 1999 Allan also became the President and CEO of Wal-Mart Europe.</p> <p>In November 2000, Allan left Asda as he took on a number of non-executive roles at high-profile companies including Royal Mail, Co-Op, Dyson and lastminute.com. Allan also spent time in Canada, as President of Loblaw Companies Ltd (Canada's largest Food retailer).</p> <p>Allan rejoined Asda as Executive Chairman in November 2024.</p>
Gary Lindsay – <i>Director</i>	September 2020	<p><i>Managing Partner of TDR Capital LLP.</i> Gary joined TDR Capital in June 2008 and is Managing Partner of the firm. Prior to joining TDR, he worked at Citi and Bear Stearns.</p> <p>Gary received a master's degree in Finance with distinction from the University of Strathclyde and a Master's degree in Chemistry, with first class honours, from the University of Edinburgh.</p>
Robert Hattrell – <i>Director*</i>	December 2023	<p><i>Partner and Head of Digital at TDR Capital LLP.</i> Rob joined TDR Capital in September 2022 as Head of Digital. Prior to TDR, he was Senior Vice President for eBay Europe in charge of the European business strategy and operations. Prior to eBay, Rob spent 7 years at Tesco in various roles including leading the General Merchandise business and as UK's Chief Information Officer. Rob began his career at Accenture where he focused on technology-led transformation projects for retail clients globally.</p> <p>He holds a bachelor's degree in Geography from Oxford University.</p> <p>Rob was appointed to the board of Bellis Finco plc on 11 November 2024.</p>
Mohsin Issa – <i>Director</i>	September 2020	<p><i>Minority shareholder of Bellis Topco Limited, indirect parent of the Group.</i> Mohsin is a resourceful business leader who has been a major driving force behind the growth and development of EG Group, a leading global petrol forecourt retail convenience operator, including being actively involved in negotiations with major brand partners, capital raising and financing transactions.</p>

Prior to EG Group, Mohsin held senior leadership roles at various Issa family businesses. Mohsin was honoured in the Queen's Birthday Honours List 2020 for his contribution to business and charity.

Mohsin stepped down as a Director of Bellis Finco plc on 19 December 2024. He continues to be a Director and member of the Board of Bellis Topco 2 Limited.

Jo Whitfield CBE April 2025
– *Non-Executive
Director and
Chair of the Audit
Committee.*
**ICAEW
Chartered
Accountant**

Jo was appointed to the Board as a Non-Executive Director and Chair of the Audit Committee on 1 April 2025, succeeding Dame Alison Carnwath.

Jo began her career at Ernst & Young and worked in finance roles for companies including Northern Foods and Matalan. She spent eight years with Asda and George from 2008 onwards, holding a number of senior leadership positions in operations, ecommerce, commercial, general merchandise and Asda Money & Mobile.

After this, Jo joined the Co-op, where she was Chief Executive of Food for five years from 2017. During her time with the Co-op, she was awarded a CBE in the 2021 New Year honours for her work during the Covid pandemic. Until 2024, Jo was the CEO at Matalan, leading a business turnaround strategy and a refocus on value.

John Laney – September 2025
Director

John Laney is executive vice president of the Walmart U.S. food division. He is responsible for the overall omnichannel merchandising strategy and assortment for the company's food business, including Fresh, Packaged Goods, Private Brands, and Snacks, Beverages, and Convenience.

John has been with Walmart for over 15 years, serving in a variety of key leadership roles across merchandising and store space and design. Most recently, John was senior vice president of Center of Store. He is passionate about providing solutions for the customer and building strong relationships with his supplier partners.

Lord Stuart Rose December 2021
– *Non-Executive* (resigned March
Director 2025)

Stuart possesses a wealth of retail and business experience, having been a Chair, board director and Chief Executive of many of the UK's biggest retailers, including Marks & Spencer. He joined Marks & Spencer as a management trainee in 1972 and returned in 2004 as CEO and then went on to become Executive Chair. Stuart has also held executive roles at the Burton Group, Argos, Booker and Arcadia.

His non-executive career included roles at Woolworth Holdings SA and Ocado, where he spent seven years as Chairperson between 2013 and 2020. Stuart is also currently Chair of Zenith Automotive and was Chair of EG Group until 19 January 2026. He was knighted in 2008 for services to the retail industry and corporate social responsibility and granted a life peerage in August 2014.

Stuart was appointed to the Board in December 2021 and in September 2024 was appointed Executive Chairman. Stuart stepped down as Executive Chairman in November 2024 on the appointment of Allan Leighton, and remained as a Non-Executive director until his resignation from the Board on 31 March 2025.

Dame Alison Carnwath – Non-Executive Director and Chair of Audit Committee December 2021 (resigned March 2025)

Dame Alison has a strong track record as a Non-Executive Director of some of the UK's leading companies, including as Chairperson of Land Securities, a position which she held for 10 years before retiring in 2018. She has also served as a Director on the boards of BP, Friends Provident, Gallaher, Barclays and Man Group among others, and as Chair of the Audit Committee at Zurich Insurance. Dame Alison was Chair of the Audit Committee during the year and continued in this role until the end of March 2025. Dame Alison was an Independent Non-Executive Director at EG Group until 19 February 2026. Her current roles also include Director of Collier Capital and Non-Executive Director at Paccar, a NASDAQ-listed Fortune 500 company, and Trustee of the Economist Group. She is a former member of the UK Takeover Panel and was named a Dame in the 2014 New Years' Honours for her services to business.

Dame Alison resigned as Chair of the Audit Committee and as a Non-Executive Director of the Board on 31 March 2025 and was succeeded in these roles by Jo Whitfield.

Courtney Naudo – Director September 2023 (resigned Sept 2025)

Chief People Officer for Walmart International. Courtney supported Walmart's 500,000 associates across the 18 countries where Walmart operates outside the United States. Courtney also served as the SVP of Strategic Portfolio Management supporting the delivery of strategic initiatives, partnerships, and corporate development activities across the international portfolio of businesses. She joined Walmart as the VP of International Technology, leading product and engineering teams to deliver technology solutions for Merchandising, Back Office, Global Sourcing, and Operations. Before joining Walmart in 2019, Courtney was a Partner at Deloitte Consulting, having almost 20 years' experience in global management consulting and corporate finance advisory.

Courtney stepped down in September 2025 and was replaced by John Laney.

* Denotes directors of both Bellis Finco PLC and Bellis Topco 2 Limited.

Executive Committee

On a day-to-day basis, Asda is run by the Executive Committee, a group of senior leaders who provide strategic direction and operational management across Asda's business. Allan Leighton and Robert Hattrell are both members of the Executive Committee. Information on the other members of the Executive Committee is included in the table below.

Name and role	Date appointed to Executive Committee	Career and experience
<i>Allan Leighton – Executive Chairman</i>	November 2024	On his appointment to the Board of Bellis Topco 2 Limited as Executive Chairman in November 2024, Allan Leighton also joined the Asda Executive Committee. He leads the Executive Committee in setting and executing Asda's strategy and is hands-on in the day-to-day management of the business.
<i>Robert Hattrell • Director</i>	July 2024	After having been appointed to the Board of Bellis Topco 2 Limited in December 2023, Rob Hattrell joined the Executive Committee in July 2024. Rob plays an active role in the day-to-day management of Asda which benefits from his considerable experience as a retailer.
<i>Michael Gleeson – Chief Financial Officer •</i>	2023	Michael joined Asda in May 2023 as Chief Financial Officer, having previously held a similar role at Morrisons. He joined Morrisons in 2014 initially as Group Financial Controller, holding a number of senior finance and trading roles before being appointed CFO in December 2019. Prior to joining Morrisons, Michael also worked for Tesco in a number of senior finance roles. He is a chartered accountant having qualified with Arthur Andersen in Dublin. Michael was appointed as a Director of Bellis Finco plc on 11 November 2024. He is also accountable for Property and Goods not for Resale procurement.
<i>Helen Selby – General Counsel & Company Secretary</i>	2020	Helen has overall responsibility for the legal and compliance functions. She previously spent the majority of her legal career working for several food manufacturers, such as Mars Wrigley Confectionary UK and Hovis where she was a member of the respective executive leadership teams. Prior to qualifying as a solicitor, Helen served as an Officer in the Royal Air Force both in the UK and overseas.
<i>Liz Evans – Chief Commercial Officer, Non-Food and Retail Managing Director George</i>	2022	Liz leads the Non-Food and Retail business. She spent her early career at Marks & Spencer in roles across retail, womenswear and its international business, before leading a number of UK fashion brands. Prior to joining Asda, Liz was the CEO of family lifestyle brand FatFace.
<i>David Lepley – Chief Supply Chain Officer</i>	2025	David began his career at Asda as a Christmas temporary colleague at the Grantham store in 2001, working his way up to Vice President Online Grocery

when he left the business in 2016.

David then spent 8 years at Morrisons, overseeing stock replenishment and group operations, before leaving his role as Executive Group Operations Director at Morrisons to rejoin Asda in January 2025, where he now oversees Asda's food and general merchandise supply operations, as well as Asda Logistics Services, Asda Express and Fuel.

Rachel Eyre – Chief Customer Officer	2025	Rachel Eyre joined Asda as Chief Customer Officer in August 2025. Rachel joined from Morrisons, where she was previously Chief Customer and Marketing Officer, responsible for the retailer's customer service, brand, marketing, digital and PR activities. Prior to joining Morrisons in 2021, Rachel held a number of senior marketing and commercial roles with Sainsbury's and Barclays.
Darren Blackhurst – Chief Commercial Officer Food	2025	Darren Blackhurst rejoined the Company as Chief Commercial Officer - Food in July. Darren spent four years at Asda in this role between 2006 and 2010, as well as a similar role at Morrisons, and recently has been the MD of the Coles Liquor business in Australia.
James Goodman – Chief People and Corporate Affairs Officer	2025	James joined the business as Chief People officer from Tesco where he worked for over 12 years and most recently as the People Director for the UK and ROI, responsible for all people related matters, including labour relations, recruitment, learning, organisation design, early careers and health & wellbeing for over 250,000 colleagues. James also worked in Shanghai as Sourcing Director for Tesco's home and clothing division F&F and spent 6 years at Gap prior to this.
Hayley Tatum – Chief People and Corporate Affairs Officer	2011 Resigned 2025	Hayley oversaw all matters related to our colleagues. From 2017 to 2020, Hayley was a Non-Executive Director of the Department for Work and Pensions, and prior to joining Asda spent 20 years at Tesco. Hayley resigned in April 2025 and was succeeded by James Goodman.
Kris Comerford – Chief Commercial Officer – Food	2022 Resigned 2025	Kris was responsible for delivering a market-leading food proposition for customers. Kris joined from Tesco where he has held a number of senior roles within the commercial function, including spending three years as Chief Commercial Officer for Tesco Lotus in Thailand before returning to the UK in 2020. Kris resigned in June 2025 and was succeeded by Darren Blackhurst.
David Hills – Chief Customer Officer	2023 Resigned 2025	David joined Asda in September 2023 and oversees the Group's customer function. He spent his early career at Kellogg's across a variety of sales, category management and customer marketing leadership roles before joining Aldi in 2007. At Aldi he worked as a Buying Director before becoming Group Director Marketing and Communications in 2012. David resigned in March 2025 and was succeeded by Rachel Eyre.

Matthew Kelleher – Chief Digital Officer	2024 Resigned 2025	<p>Matt has nearly 30 years of experience in the retail sector, including 11 years at Morrisons, where he was part of the Operating Board for the last five years. He established and scaled the Morrisons.com channel and most recently had responsibility for Supply Chain, IT and Productivity as the Morrisons Group Chief Information Officer.</p> <p>Matt resigned in October 2025 and was succeeded by Cal Corcoran.</p>
Cal Corcoran – Chief Information Officer	2026	<p>Cal joined Asda as Chief Information Officer in January 2026 and is responsible for leading the Group’s technology and data functions. He brings more than 25 years of senior IT leadership experience across a broad range of industries, including technology, financial services, civil aviation, energy, telecommunications, and aerospace and defence.</p> <p>Prior to joining Asda, Cal held senior technology leadership roles at a number of global organisations, including Microsoft, Barclays, Gatwick Airport, BP and Castrol. He has extensive experience delivering large-scale technology transformation programmes in complex, highly regulated environments.</p>

- *Denotes directors of Bellis Finco PLC*

Balance, Diversity, Size and Structure

The size and composition of the Board is appropriate for the nature of the decisions made and implemented by the Executive Committee. It is considered that the Directors of the Board have the appropriate balance of background, skills, experience and knowledge to make and execute Group decisions, working closely with the wider Executive Committee.

The scrutiny, review and support provided by the Board provides an appropriate amount of independent rigour and challenge to the operation and decisions of the Executive Committee. This includes participation in appointments to the Board and Executive Committee, monitoring the effectiveness of the Board and Executive Committee and implementation of governance approval procedures.

The size and composition of the Executive Committee is appropriate for the size and nature of the business. In particular, each of the Group’s key business functions are represented in Executive Committee meetings and each member is highly skilled and experienced in the function that they represent. The variety of backgrounds, skills, experience and knowledge ensures decisions relevant to the Group are being made in a diverse forum. The diversity of thought and expertise provided by the respective Executive Committee members promotes balanced and holistic decision making which assesses the impacts of decisions on the various stakeholders who have an interest in the operations of the Group and who are affected by the decisions made.

The Executive Committee and the Group observe a Diversity and Inclusion policy. The Executive Committee and the directors of the Company continuously strive to increase diversity at all levels of the organisation.

Effectiveness

There are periodic evaluations of the constitution and effectiveness of the Executive Committee and additional appointments are made where necessary to deliver the appropriate diversity and expertise. Further, Executive Committee members have a formal appraisal process twice annually which considers performance and rewards.

The Group is committed to on-going professional development of its employees, including Executive Committee members. This is delivered through a variety of means such as mentoring programmes, Officer development days and various training courses, ensuring that employees have the most up to date knowledge and skills to ensure they are effective in their roles.

For further details on how the Board and Executive Committee engage with the Group's stakeholders and promote the success of the Group, please refer to the Our Stakeholders and Section 172 Statement on page 36.

Principle Three: Director Responsibilities

Accountability

The Board and Executive Committee observe detailed corporate governance policies and procedures which set out clear guidelines as to which internal stakeholders within the Group and ownership structure need to be informed, consulted with or approve certain matters, which ensures that there are appropriate checks and balances in place before making decisions.

The members of the Executive Committee receive a detailed on-boarding pack upon appointment detailing their accountabilities and obligations. Individual responsibilities are clearly defined by the People Team and any changes to an Executive Committee member's areas of responsibility and/or reporting lines are briefed to the whole business via colleague email communications. The business as a whole therefore has a clear understanding of each Executive Committee member's responsibilities and remit. Where individuals are directors of separate legal entities within the Group, they are aware of their responsibilities regarding each of these legal entities.

Our Governance Committees

We have a range of committees with board-delegated authority which meet regularly to manage day-to-day operations and decision-making on behalf of the Board. The areas of responsibility of each group are described below. Committees are chaired and attended by members of the Board and Executive Committee as appropriate, and other relevant members of senior management. These committees operate under clearly documented terms of reference and the remit of each is regularly reviewed, and the terms of reference are updated as and when required.

Governance committees are described below and take place at different levels within the group structure.

Committees at Bellis Topco 2 Limited

Audit Committee

The Audit Committee's objectives are to provide oversight and effective governance over the appropriateness and integrity of the financial reporting of the Group, the internal financial controls and risk management systems, compliance with laws and regulations, and the effectiveness of the internal audit function and external auditor. The committee meets at least four times a year aligned with the external reporting and audit cycle, and is chaired by non-executive director Jo Whitfield (Dame Alison Carnwath until 1 April 2025).

Nominations and Remuneration Committee

The Nominations and Remuneration Committee meets twice a year and is chaired by Executive Chairman Allan Leighton. Its remit includes evaluating the balance, experience, knowledge and skills of the Board, succession planning, monitoring independence of non-executive directors, monitoring trends and compliance with corporate governance best practice, and recommending remuneration strategy and policies for the Group.

Additionally, a Nominations and Remuneration Committee for Asda Group Limited and its subsidiaries is chaired and attended by members of the Executive Committee and is responsible for setting remuneration policies for the business more broadly, including decisions around bonus and hourly pay.

Committees at Bellis Finco PLC

Disclosure Committee

The Disclosure Committee is responsible for managing the disclosure of material non-public information (MNPI) to Asda's bond investors and lenders. It meets quarterly aligned with the quarterly investor reporting cycle and on an ad hoc basis as required when potentially material events arise. It is chaired by the Chief Financial Officer and attended by the General Counsel and the Group Financial Controller (who is also the Group's Disclosure Officer). The Committee reports into the Audit Committee.

Committees at Asda Group Limited

Liquidity and Financial Risk Management Committee (LARM)

LARM meets monthly and is chaired by the Chief Financial Officer and attended by the General Counsel, the Group Financial Controller, and the Senior Director for FP&A and Treasury. Its role is to review and make recommendations to the Board with respect to cash, liquidity, financial risk management, and any other area relating to risks arising out of financial transactions, including investment decisions, interest rate and foreign currency exposure.

Compliance, Ethics, Risk and Audit Committee (CERA)

CERA meets monthly and is chaired by the General Counsel and attended by the Chief Financial Officer and the Chair of the Audit Committee. Its role is to oversee review and monitoring of Asda's systems of internal controls and risk management, the internal audit process, and compliance with laws, regulations and ethical codes of practice. CERA reports into the Audit Committee.

Asda Real Estate and Investment Committee (AREIC)

AREIC meets monthly and is chaired by the Chief Financial Officer. It is responsible for reviewing and providing recommendations to the Board on capital investment and real estate matters, including overseeing the annual capital planning process, reviewing and providing recommendations of approval on material projects, and identifying risks and opportunities within the plan.

Integrity of information

The Board and Executive Committee have established formal and robust internal processes which ensure that the systems and controls in place are operating effectively. This ensures the quality and integrity of financial and non-financial information provided to the Board and the Executive Committee is reliable, to allow for better-informed decision making. Routine and specific ad hoc reporting is provided to the Board and Executive Committee on a regular basis, covering all key aspects of the Group's performance against agreed key performance indicators of a financial and non-financial nature.

Principle Four: Opportunity and Risk

Opportunity

The Board and Executive Committee seek out opportunities that are conducive to achieving the Group's strategy, whilst mitigating risk, in line with the Group's risk management framework.

Risk

The Company has a risk management programme which drives identification, mitigation and ongoing monitoring of significant risks and is overseen by the Audit Committee and CERA, which are described above as well as a newly established Risk Committee which sat for the first time in Q1 2026. Please refer to the Principal Risks and Uncertainties section below for further details on the risks identified and assessed.

Principle Five: Remuneration

Setting remuneration and delegating remuneration decisions

Asda aims to attract and retain a high-quality workforce through appropriate, fair and affordable remuneration at all levels of the Group. Remuneration decisions are handled by the Nomination and Remuneration Committees for Bellis Topco 2 Limited and Asda Group Limited, as described above. When setting director remuneration for senior management there is a key focus on the Group's performance, both in terms of annual results and the long-term sustainable success of the Group. Bonuses are set on various annual metrics, including profit, sales and other non-financial metrics, to ensure a balanced focus on creating value for the Group's investors whilst improving the shopping experience for customers. Senior leaders are able to participate in a Cash Incentive Scheme whereby the level of financial return to participants is directly linked to the performance of the business, and assessed annually. In this way, participants in this scheme are incentivised to make decisions which promote and protect the Group's long-term value.

Pay of the Board and Executive Committee is regularly benchmarked against competitors to ensure the appropriate individuals, who have the ability to deliver the Group's strategic objectives, are secured and retained.

Principle Six: Stakeholder Relations and Engagement

Asda engages regularly with each of its key stakeholder groups to ensure their needs are appropriately reflected in our purpose and priorities. Key stakeholder groups include customers, colleagues, suppliers, and investors. Please refer to the Our Stakeholders and Section 172 Statement on page 36 for details on how we engage with each group and take their needs into account.

Our Stakeholders and Section 172 Statement

Engagement with stakeholders is a key consideration for the Board in decision-making and promoting the long-term success of the Group. This section sets out our key stakeholders, how we engage with them and how they shape and influence how we do business. It also serves as the section 172 statement for the Bellis Finco PLC Group.

During the year ended 31 December 2025, the directors of the Company have acted in accordance with Section 172(1) of the Companies Act 2006, in the way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole. In doing so, they have regard to the interests of other stakeholders, whilst maintaining high standards of business conduct.

The Company does not itself trade with suppliers or customers and has no employees. It has interests in subsidiary undertakings, including ownership of Asda Group Ltd and its subsidiaries, which is responsible for relationships with external stakeholders including customers, colleagues, suppliers and debtholders.

Customers

Our mission is to be Britain's best fresh food and clothing superstore by satisfying the weekly shopping needs of ordinary working people and their families who demand value.

To do this successfully, it is essential that we listen to customers to meet their needs. We have over 19 million customers who shop with us in store and online each week and there are a range of ways in which we engage with them on a regular basis so we can make sure we are delivering to meet their needs.

In 2025 we continued to place customers at the heart of our strategic priorities, understanding their behaviours and needs as part of our business wide customer insight & analysis programme.

We do this by tracking shopping patterns and listening to what customers tell us. We routinely conduct qualitative and quantitative research including surveys, focus groups and accompanied shopping trips with our customers on several important subjects across our various business units, to place them at the heart of our strategic priorities. These included:

- Understanding our customers' needs – how they think, feel and behave, and ultimately how our proposition, products and services can be designed or optimised to best meet their needs;
- Testing and measuring our value propositions and campaigns with our customers;
- Understanding customer mindsets to help support the development of our propositions during key moments across the year, including Easter, Halloween and Christmas;
- Competitor benchmark tracking to understand our brand and experience performance relative to our competitors on a range of themes, including value, price, quality, ease, and choice;
- Conducting deep dives across our insight sources to understand the impact of new initiatives, for example our refreshed product ranges, and new store trials and layouts;
- Supporting our commercial teams with access to a Customer Insight Platform, and consumer research to inform delivery of category strategies; and
- Running regular customer listening groups to allow colleagues across our business to hear what is important to our customers and what is happening in their lives, to put our customers at the heart of everything we do.

Some examples of the surveys we routinely conduct with customers include:

- **Customer satisfaction survey – Tell Asda:** 3 million customers provided feedback on their experience shopping with us in store and online in 2025, helping the business to understand key areas of priority to drive improvements to the experience we deliver;

- **Asda Online Customer Community:** ongoing engagement with Asda customers through an online community where our customers give feedback regularly on what is important to them in their lives, as well as our products and services through polls, discussion rooms, surveys, focus groups and in-depth interviews;
- **The Asda Income Tracker:** a report produced monthly by the Centre for Economics and Business Research (CEBR), with key economic indicators including essential spend and disposable income to enable an understanding of the economic challenges facing our customers; and
- **The Asda Foundation Community Togetherness tracker:** a quarterly survey to support the Asda Foundation in understanding the areas of importance to customers and community champion colleagues, covering issues ranging from the cost of living crisis through to mental health and loneliness/isolation, the outputs of which help the Asda Foundation prioritise areas of focus to support the communities Asda serves.

We also regularly review the purchase behaviour of our customers both within Asda and in the wider market in collaboration with a number of external insight partners. This information helps us stay abreast of changes due to external factors such as inflation, and is used to identify areas of opportunity, review the strength and appeal of our propositional activity, and prioritise where customers' needs can be best served by Asda.

Customer insight is shared directly with key decision makers and stakeholders across our business on a regular basis, including weekly with the Executive Committee's Customer & Trade Meeting. Altogether, this approach enriches our customer interactions, which improves retention and helps build loyalty to Asda.

Colleagues

Our colleagues are what make Asda. Our workforce is made up of over 135,000 colleagues across 1,200 stores and food service outlets, 30 depots, hubs and consolidation centres, and our three home office locations. Our retail colleagues make up the largest proportion of this, with approximately 86% of our workforce serving customers in store, 9% in the distribution network and online fulfilment centres, and 5% in home offices and other operations.

Our commitment to creating an inclusive environment, which reflects the communities we serve, allows the Group to attract, recruit and retain high-calibre colleagues, as well as driving better engagement with our customers. Creating an inclusive culture that supports colleagues to thrive and reach their full potential is a key focus area.

Colleague Involvement

We pride ourselves on involving our colleagues in helping to make Asda a great place to work. Examples include regular local engagement with store, depot and home office Colleague Circle.

We are a values-led organisation. Our values and supporting leadership behaviours are integrated into our people processes (recruitment selection, performance, and development). These are supported by a comprehensive Leadership Framework and a corresponding Learning and Development program designed to empower both colleagues and leaders to embody our values in their work.

We have regular constructive engagement with our Trade Union Partners, GMB, Usdaw, URTU and Unite to ensure that we consider the views of members and colleagues alike. In 2024, we launched our Colleague Advisory Panel (CAP) which brings together the chairs of all our elected representative forums and representatives from the inclusion networks to discuss strategic business issues directly with members of our Executive. This group met three times in 2025 to share their views directly with members of the Executive.

To ensure we inform and consult appropriately, we work with our National Colleague Circle groups and trade unions on business change proposals we may have. We also work together to improve health and safety and seek their views and opinions on new initiatives we trial. We have quarterly meetings with our colleague representative groups to update and listen to their views. Agendas are jointly agreed and contain key business updates, employment policy development and our inclusion agenda. Senior leaders attend each of the sessions to update on business performance and respond to points raised.

We also engage directly with our colleagues. In 2025, we introduced a monthly We're Listening engagement survey, inviting responses from around 20,000 colleagues each month. This provides us with an additional way to listen and respond to colleague feedback about working at Asda. This insight is reviewed by our Executive team, line managers and within individual teams monthly to drive change and continue to improve colleague engagement. To further improve transparency and accountability, we launched our Colleague Listening Hub in 2025, where we share regular summaries of what we're hearing from our colleagues across our We're Listening surveys and representative groups and what actions we are taking in response.

As part of our engagement strategy, we held our Proud to be Asda awards, where both colleagues and customers can nominate individuals who have lived our values and, in many cases, displayed amazing acts of heroism and kindness. Service milestones are also celebrated at regional events across the country to thank colleagues for their long service. We also facilitate local celebrations throughout the year where colleagues can invite their friends and family to the workplace to celebrate moments that matter.

Recruitment, Training and Development

At Asda, we're passionate about creating opportunities for everyone to learn and grow. We want all our colleagues to build the skills, knowledge, and behaviours that help them succeed – and make a real difference to our business.

We continued to invest in our new starter programmes, with over 750,000 pieces of Retail Ready learning content completed by new-to-business and existing colleagues. In February, we introduced our Job Ready Programmes to train colleagues on specialist skills within our Stores. This content, focused on upskilling colleagues in their specific roles, has seen over 220,000 completions since launch across 29 specialised programmes.

In 2025, we added £1.5 million of additional investment for Retail Colleague new starter training, demonstrating our commitment to safety, compliance, and service.

Retail Ready & Specialist Training

- 750,000+ pieces of Retail Ready content completed by new and existing colleagues
- 220,000+ completions across 29 specialist programmes since February launch

Driver Ready

- Introduced in April for Customer Delivery Drivers
- 81,000+ learning completions across 29 modules

Optical Ready

- Launched in July with 14 new modules
- 2,400 completions since launch

Express Ready

- Launched in August for Express colleagues
- 22,000+ course completions across 31 modules

First Aid Training

- 1,980 colleagues completed Level 3 Award in First Aid at Work
- 940 colleagues completed Level 3 Award in Emergency First Aid

Leadership Development

In 2025, we continued to invest in leadership capability to drive cultural consistency and performance across operational teams.

A new programme for 800+ line managers was delivered to equip leaders with the awareness and skills to build a culture where colleagues feel motivated, trusted, and empowered to deliver exceptional service.

We strengthened our flagship Lead Asda programme, maintaining its Institute of Leadership accreditation and moving fully to face-to-face delivery. Content was adapted for accessibility and relevance, ensuring practical application across all leadership levels.

The programme remains open to all leaders and salaried colleagues and is structured around three levels - Leading Self & Others, Leading Teams and Leading Organisations.

Each level is underpinned by skill pillars covering coaching, culture, change influencing, and interpersonal relationships. 2,600 colleagues attended workshops in 2025 with 6,200 completions of Team Leader Introduction content since August 2025.

Early Careers

Our early careers strategy delivered strong progress:

- Apprenticeship applications up 11% vs 2024, with 650+ applications across 60+ programmes, including 12 new pathways such as AI Engineer and Project Management Degree
- Levy investment reached £2.12m, supporting 216 completions, with achievement rates peaking at 70% in Q3
- We welcomed 56 early careers colleagues, including 23 apprentices, and achieved national recognition:
 - Ranked #44 in the Department for Education's Top 100 Apprenticeship Employers
 - Highly Commended Large Employer in the Regional National Apprenticeship & Skills Awards
 - Finalists in the FE Week & AELP Apprenticeship Training Awards
 - Winners of the Large Employer category in the West Yorkshire Apprenticeship Awards

Since launching Retail Level 2 in 2013, our apprenticeship offer has grown to 90 programmes (Levels 2–7) across Retail, Logistics, and Home Office. Since 2017, we've supported thousands of colleagues to complete apprenticeships through levy funding, investing millions of pounds, plus additional support across devolved nations. Apprenticeships remain central to our strategy – building future skills, supporting social mobility, and delivering on ESG commitments.

Graduate & Degree Programmes

We also invest in future talent through retail and head office graduate and degree-funded programmes, providing structured support for career development and leadership roles.

Inclusive Recruitment

Asda proudly supports those who have served in the Armed Forces. We guarantee interviews for ex-servicemen and women who meet minimum criteria, provide leave for reservists and cadet training, and support employment opportunities for service spouses and partners.

Our Commitment

These initiatives reinforce our commitment to building a future-ready workforce and reigniting leadership capability as the key lever for cultural and performance transformation. By combining leadership development with a strong early careers pipeline and inclusive recruitment practices, we are equipping our people to deliver exceptional service and sustainable growth.

Colleague Reward

It is important to us that we offer transparent, fair and affordable pay. We negotiate with the GMB, URTU and Unite trade unions for our hourly paid colleagues in our distribution and logistics business. We negotiate with Usdaw for our hourly paid Retail colleagues in Northern Ireland, in Asda Express and for salaried Asda Express colleagues who joined as part of the acquisition from the Co-op.

All salaried colleagues up to the Executive Committee are eligible for a bonus scheme, based on functional objectives set for each department. The Remuneration Committee approves the metrics on an annual basis.

For senior leadership there is a further cash incentive scheme which includes a combination of annual and five-year pay-out horizons, designed to reward performance against both short and long-term business objectives.

We provide a range of discounts and benefits for all our colleagues including 15% off all shopping at Asda stores.

Developing an Inclusive and Diverse Culture

We're passionate about and committed to building a business that is diverse and inclusive. Each day we listen to our colleagues to understand their experiences – working to create an environment that is inclusive, safe and supportive for all our colleagues, so they can be their best selves.

We continue to run a two-hour “Why Inclusion Matters” course for all our line managers and home office new starters. The course aims to improve our colleagues’ understanding of the importance and benefits of diversity and inclusion in the workplace and the role they play in making it happen. In 2024 we launched “Every Customer Matters”, a new module in the Retail Ready learning that aims to build awareness of the different needs of shoppers and empower colleagues to provide an inclusive and accessible shopping experience for all our customers. In 2025 we extended a bespoke version of this training, “Supporting Every Customer”, to our Asda Express stores.

We've continued to focus on raising awareness of the different lived experiences of our colleagues and the importance of allyship in helping to create inclusive and equitable environments where everyone can thrive. In 2025, our Inclusion Networks (Employee Resource Groups) have helped us deliver impactful campaigns and communications that celebrate our colleagues and connect communities, including ‘Fast with Me’ events during Ramadan and hosting the Mayor of West Yorkshire, Tracy Brabin, at Asda House for an impactful conversation about female leadership and male allyship for International Women’s Day. We were proud to continue our support for LGBTQ+ Pride month in 2025 and marked our sixth year of charity partnership with Diversity Role Models, raising vital funds to support the work through our George Pride range.

In our new 2025 We're Listening survey, we asked colleagues each month the extent to which they feel they belong at Asda to help us monitor progress on our inclusion goals and identify any areas where we can improve belonging across the business. We also listen to our colleagues through our Inclusion Networks, Colleague Circles, and Union forums each quarter, where we hear valuable feedback that informs our long-term strategic priorities and helps us drive greater belonging and inclusion across the Group. A representative from each of our five Inclusion Networks also sits on our Colleague Advisory Panel, supporting our mission to ensure that a diverse range of perspectives are included.

Following the introduction of optional diversity data disclosure in 2024, over 45% of colleagues have now completed a confidential diversity data form, which confidentially records characteristics such as ethnicity, disability, and caring responsibilities. This data helps us to better understand the colleagues that make up our business, measure progress in representation and outcomes, and identify areas for further action.

In 2026, we look forward to continuing delivering on our diversity and inclusion ambitions, with particular focus on working with our Inclusion Networks to drive positive change in the areas that matter most to colleagues and make sure every colleague has the tools, support, and opportunity to reach their full potential at Asda.

Supporting Colleagues with Disabilities

The Group is a proud member of the Business Disability Forum and is a Level 2 accredited Disability Confident Employer. We continue to deliver on our commitment to attract, recruit and retain colleagues who reflect the customers and communities that the Group serves.

We are an equal opportunities employer, meaning that selection, training, development and promotion is accessible and inclusive. We have a duty to make reasonable adjustments throughout the employment lifecycle to ensure that everyone can perform to the best of their ability.

In 2025, we were proud to further expand our partnership with DFN Project SEARCH, offering one-year transition-to-work programmes that help provide young people with the skills and confidence to enter the workforce. With only 4.8% of people in England / 4.1% in Scotland with a learning disability going on to secure paid employment once their education finishes, compared to 80% of their peers. This partnership is helping to tackle the employment gap currently facing young people with special educational needs.

Asda's partnership with DFN Project SEARCH has grown rapidly over the last two years and has now provided almost 200 students with the opportunity to grow in confidence, learn new skills and ultimately gain employment once they finish their studies. After 66 students took part in the 2024/2025 programme across 11 stores, 46% have already secured employment, over 90% of whom have accepted roles with Asda.

Gender Representation

While equal remuneration and development opportunities apply to all our employees, like many businesses, an imbalance of men and women exists in certain roles. Reducing our gender pay gap and increasing the representation and opportunities for women at all levels remains a core focus for us. In 2021 we set a goal to increase the proportion of General Store Managers who are female to 30%, and as at 31 December 2025 had reached 31%.

Our gender split as at 31 December 2025 for directors, senior managers and employees is shown in the table below.

The below table presents Full Time Equivalents (FTEs) of the consolidated Bellis Finco PLC Group, including its subsidiaries. Details of the Board of Bellis Topco 2 Ltd, Bellis Finco PLC's indirect parent company, are provided in the Governance section above. The Directors disclosed in the table below are the statutory directors of Bellis Finco PLC as disclosed in the Company Information section at the beginning of this report.

FTEs as at 31 December 2025	Total	Men	Women	Male %	Female %
Directors	2	2	-	100%	0%
Executive Committee	7	4	3	57%	43%
Senior Managers	921	596	325	65%	35%
Employees	90,449	47,819	42,630	53%	47%
Total FTEs	91,379	48,421	42,958	53%	47%

FTEs as at 31 December 2024	Total	Men	Women	Male %	Female %
Directors	2	2	-	100%	0%
Executive Committee	7	4	3	57%	43%
Senior Managers	1,088	691	397	63%	37%
Employees	97,779	51,876	45,903	53%	47%
Total FTEs	98,876	52,573	46,303	53%	47%

In this context, the definition of Senior Manager is aligned with the Financial Reporting Council's strategic report guidance, i.e. an employee who has responsibility for planning, directing or controlling the activities of the entity or a strategically significant part of it.

Please refer to Note 6 Employee numbers and costs in the Notes to the Financial Statements for further employee information.

Our Plans to Close the Gap

We have delivered a bespoke six-month development programme to help improve female and ethnic minority representation at senior levels in our business. This is a significant step in our commitment towards levelling the playing field in gender and ethnic diversity. Since 2022, the programme has reached over 800 female and ethnically diverse colleagues from all functions across our business to work with over 50 senior leadership mentors. Our 2024 cohort graduated from the programme in January 2025, with 17% achieving a promotion within the calendar year, and a further 36% undertaking a lateral move.

We recognise the significant impact menopause can have on wellbeing and continue to promote inclusive practices and education to raise awareness of the impact menopause has at work and to de-stigmatise conversations about menopause in the workplace. As a committed Menopause Friendly employer, we have made sure that all line managers have access to training on menopause at work, run in collaboration with our partners Henpicked, and have a dedicated area of our intranet Wellbeing Hub for menopause, featuring a variety of information, tools and support that all colleagues can access.

In 2025 we made a number of enhancements to our family-friendly policies to strengthen our support for parents and carers, making it easier for colleagues to access paid leave during key life moments and for women with caring responsibilities to remain in work. The updated policies offer support, flexibility, and compassion above the normal statutory leave and pay for those navigating family life, including parenthood, caregiving, and personal loss.

Colleague Wellbeing

At Asda we seek to create a culture which enables colleagues to be the best they can be, whilst also ensuring they feel able to seek support and have access to helpful resources as and when they might need them. Our Colleague Circle groups are key to creating this inclusive culture and ensuring our people feel heard. In addition, we also have a number of other wellbeing programmes, initiatives and benefits in place to support colleagues to keep mentally, physically, financially, and socially well.

Every colleague can access a one-hour training course focussed on mental wellbeing which is accredited by Rethink Mental Health Illness, which supplements our wider wellbeing curriculum featuring sessions including 'Looking after my Wellbeing', a 3.5-hour course focused on mental, physical, and emotional wellbeing. This course is accessible to all colleagues and mandatory for retail section leaders and managers, as well as depot department managers and shift managers.

By providing high-quality training, our ambition is to continue driving awareness of mental health and to de-stigmatise conversations around mental health in the workplace.

Health and Safety

We are committed to maintaining high standards of health and safety which protect colleagues and customers and to minimising the number of accidents/incidents and loss across our business. The Board is committed to help ensure that we reduce, so far as is reasonably practicable, health, safety, and fire risks for our colleagues, customers, suppliers, and others that we work with. Where accidents, fires, or other incidents likely to lead to loss do occur, we aim to minimise the impact of these events on the affected individuals and wider business through our response procedures.

We achieve this by:

- Providing resources and structures to ensure appropriate governance and management;
- Establishing processes and procedures to identify, mitigate and monitor health, safety, and fire risks;
- Providing and maintaining a workplace with safe facilities and equipment;
- Providing suitable information, instruction, training, and supervision to all colleagues; and
- Promoting and maintaining safe working practices and communicate effectively with all stakeholders to achieve a safe working environment.

Suppliers

We have around 2,400 Goods For Resale (GFR) suppliers that supply products for food, clothing and general merchandise, and 1,100 Goods Not For Resale (GNFR) suppliers across the Group that support all functions, including retail, distribution, and home office operations. Our suppliers range from large multi-national companies to small independently run businesses.

Our supplier engagement strategy aims to achieve world-class business relationships with an “always on” approach to communication. Our suppliers are our partners for growth, and positive relationships are critical to achieving mutually beneficial goals, particularly as we have progressed through our Project Future IT transformation as we separated our IT environment from our previous owners Walmart and expanded our business into the convenience sector. We seek to facilitate efficient ways of working by providing knowledge and support through our dedicated supplier portal, through frequent supplier conferences, and regularly listening to and acting on feedback.

Our suppliers complete annual independent surveys, from which we use the results to form the basis of supplier workshops across key business areas to find ways to improve our supplier relationships.

In respect of suppliers of grocery products, Asda is subject to the requirements of the Groceries Supply Code of Practice (“GSCOP”) and we have mature policies and processes embedded into our ways of working to ensure ongoing compliance. Each year we review our performance and build additional layers into our compliance programme to ensure continuous improvement. In 2025, 94% of suppliers ranked Asda as “consistently or mostly” following GSCOP (2024: 95%).

Shareholders and Finance Providers

TDR Capital acquired Asda in FY21, with Mohsin and Zuber Issa. In October 2024, TDR completed the acquisition of Zuber Issa’s shares in Asda, making TDR the majority shareholder. As board members, representatives of TDR Capital and Mohsin Issa work with the Asda Executive Committee to deliver Asda’s strategy.

The acquisition of Asda Group in February 2021 was funded by raising external debt financing in the form of senior secured notes (SSNs), senior unsecured notes (SUNs) and term loans. Further, in October 2023 the Group entered into a financing facility of £684m with Apollo Global Management to part-finance the acquisition of Asda Express (Jersey) Ltd. In May 2024, £3.4 billion of debt comprising some of the senior secured notes and term loans was refinanced, and in December 2024 Term Loan B was extended by a further £152m. In 2025 we refinanced £500m of unsecured notes and repaid the remaining February 2026 senior secured notes with €700m of senior secured notes and cash on hand. For more information see the Key Principal Decisions section on page 20 and note 20 Borrowings of the Consolidated Financial Statements. We provide an update on the financial performance, strategic priorities and significant projects of the business on a quarterly basis to our lenders, in accordance with the terms of our lending agreements. Material reportable events are also reported to debtholders as and when they arise. The Investor Relations team manages routine and ad hoc reporting on behalf of the Group.

Asda’s previous owner Walmart retains a preference shareholding, equity interest and Board position, and thereby remains informed and consulted on the Group’s activities and strategic direction through their contribution to the Board of the indirect parent company Bellis Topco 2 Ltd. The preference shares mature in February 2028. The expected repayment amount that would be required to be made in cash to Walmart by Bellis TopCo 2 in February 2028, including any accrued and unpaid interest, is approximately £900 million. Bellis TopCo 2 Limited may voluntarily redeem the Senior Shares at any time subject to paying a make-whole amount.

Approach to Risk Management

Effective risk management is essential to executing our strategy. We identify, assess and manage the risks we need to take to remain successful and to grow. These risks inform our strategic decision making and we manage identified risks as effectively and pragmatically as possible.

Risk management is embedded across the three levels of our Risk Management Framework, each of which plays a distinct role:

- Enterprise: Risks that could threaten our ability to deliver our strategic objectives.
- Functional: Risks that impact functions, disrupt operations, or hinder a business area's objectives
- Operational: Risks arising from daily processes, systems, and personnel.

Our approach comprises identifying risks, assessing and managing them through the implementation of treatment plans, and monitoring and reporting at each of these levels. Together, these components support clear accountability, appropriate escalation and oversight.

The Board is ultimately responsible and accountable for overseeing the effectiveness of our risk management process, including identification of the principal risks facing our business. The Board challenges management's implementation of effective systems of risk identification, assessment and mitigation. The Board has delegated the responsibility for reviewing the effectiveness of the Group's internal controls and risk management arrangements to the Audit Committee.

To support the Audit Committee in executing its risk management responsibility, Asda's operating procedures and processes are closely aligned to business risks with management having responsibility for mitigating risk in the first line.

Additionally, second line risk management activities are also in place to provide further assurance and rigour. To reinforce this approach, risk coordinators have been assigned to each function to enhance understanding and embed best practices across the Group and provide visibility of risks and escalation requirements. This supports oversight across all three levels of our risk management framework, supporting top-down and bottom-up risk cascading.

Further details on the oversight provided by Committees and the Executive for each of our principal risks are included in the disclosures below.

The Group risk management framework derives from the Group Risk Management Policy which is subject to periodic review and is designed to support the business in achieving its strategic objectives. As part of its risk management activities, the Board reviews the Group's principal risks on a regular basis.

We are committed to the continuous development and enhancement of our risk management framework including our processes to strengthen our culture of risk awareness and how this supports the Formula for Growth.

Principal Risks and Uncertainties

The Board considers the principal risks to be the most significant risks faced by the Group, including those that are the most material to our performance and those that could threaten our business model or the future long-term solvency or liquidity of the Group.

The principal risks do not comprise all the risks associated with our business and are not set out in priority order. Additional risks not known to management, or currently deemed to be less material, may also have an adverse effect on our business.

Changes to Principal Risks

Following the completion of Project Future, the integration of acquisitions, and the transition to business-as-usual, the FY24 principal risks 'Separation' and 'Integration' have been retired. In their place, we have introduced a new principal risk, 'Post-Separation Delivery,' which reflects the ongoing focus on delivering the synergies achieved through separation and integration, stabilising recent transformation changes, and ensuring effective execution of the next phase of our strategic plan.

Similarly, the 'Talent' risk has been refreshed to reflect the completion of our major programmes and to reinforce our continued focus on our colleagues as we progress into post separation delivery.

Regulatory, Political and Compliance Environment

Failure to comply with legal and other regulations, meet the demands of civil society and respond to changes in legislation in an increasingly regulated and complex political environment could lead to significant fines, reputational damage and affect our ability to operate.

Context

- We are subject to extensive, increasingly stringent and frequently changing laws and regulations. Increased scrutiny from regulators and enforcement authorities, including in relation to advertising, food and product safety, health and safety matters and the environment could impose substantial liabilities and costs. It could also have a material adverse effect on our business, financial condition and results of operations.
 - Any claims could result in litigation and result in regulatory or legal proceedings being brought against the Group. Often these cases raise complex factual, accounting and legal issues, which are subject to risks and uncertainties, and could require significant management time, legal expenses and exposure to financial penalty.
-

Mitigations

- We continue to risk assess all regulatory developments and test compliance with internal processes designed to mitigate risks, making improvements where required.
 - We continue to engage with our colleague representatives quarterly to update on progress and consult them on business change proposals as required.
 - Robust policies, procedures and training are in place, and we have an established Legal & Compliance Programme designed to ensure continued compliance with relevant legal and regulatory requirements across key subject areas including but not limited to GSCOP, Food Safety, Consumer Protection, Health & Safety, Privacy, Financial Services and Anti-Bribery.
 - Scorecards are in place for key areas of compliance which are scrutinised at the Executive led Compliance, Ethics, Risk & Audit (CERA) Committee.
 - Our Code of Conduct also provides clear guidance to colleagues on appropriate behaviour, including guidance on how to raise any business conduct concerns they may have.
 - Colleagues can raise issues by contacting the independent ethics hotline, or by contacting the Legal and Compliance team directly by email, phone or online. In addition, procedures were in place during the year in respect of compliance with the UK Bribery Act.
-

Oversight is provided by the Compliance, Ethics, Risk & Audit (CERA) Committee.

Safeguarding our Colleagues and Customers

Inability to manage risks relating to the safety of individuals, including health and safety, food and non-food product safety increases the risk of injury or loss of life, reputational damage, decreased customer confidence and criminal and civil penalties.

Context

- Any event, such as a significant product recall or negative press reaction to statements made or actions taken could damage our brand or reputation or cause customers to lose confidence in the safety and quality of the products we sell.
 - Our colleagues are critical to maintaining our customer and supplier relationships and ultimately protecting our reputation as a business.
 - These risks could have an adverse impact on our brand, reputation, colleagues, customers operations and regulatory standing.
 - There is also a risk that products are not sourced in a responsible, ethical and sustainable way.
-

Mitigations

- The Legal and Compliance team continue to work with the relevant authorities to ensure the safety of customers and colleagues within our stores. All government guidelines are followed within all our stores, depots and offices.
 - We continue to maintain strong relationships with our suppliers by operating on terms that are mutually agreed and updated as appropriate to reflect changes in both parties' respective needs.
 - The Group has clear supplier standards as well as a human rights policy. Supplier audit procedures are in place to monitor adherence to these required standards and policies on responsible sourcing.
 - We continue to test compliance with internal processes designed to ensure the safety of customers and colleagues, making improvements where required.
 - We continue working with suppliers to help alleviate the challenges arising from recent supply chain pressures.
-

Oversight is provided by the Compliance, Ethics, Risk & Audit (CERA) Committee.

Cyber and Data Security

There is a risk that Asda systems are vulnerable to cyber-attacks or data breaches which could lead to significant limitations in ability to operate, loss of earnings, brand and reputational damage and regulatory fines.

Context

- There is a risk that the Group's systems are vulnerable to cyber-attacks which could lead to significant limitations in ability to operate, loss of earnings, reputational damage and regulatory fines.
 - In the event of non-compliance with the requirements of UK General Data Protection Regulations (“UK GDPR”), there is a risk of data loss or misuse or other data breaches which could lead to significant fines and reputational damage.
-

Mitigations

- A well-established and recently strengthened Cyber Security team proactively monitors, protects and responds to cyber security threats, providing insight and detailed analysis of risks and remediations.
 - The Data Protection team continues to monitor compliance with UK GDPR and ensures all required areas of expertise and process for the programme is fit for purpose and for the future.
 - A cyber security programme is developing new and maturing capability to reduce risk and impact against an evolving threat landscape. This programme and all Cyber Governance is overseen by an established Cyber Security Steering Committee.
 - We have significantly enhanced our cyber insurance coverage, increasing the breadth and depth of our protection.
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Oversight is provided by the Cyber Security Steering Committee and Compliance, Ethics, Risk & Audit (CERA) Committee.

Talent

There is a risk that Asda is unable to attract talented individuals with the relevant skillset, retain key colleagues, or continue to invest in developing colleague skills and capabilities.

Context

- Our ability to attract, retain and develop talented colleagues is essential for the long- term stability and success of the company.
 - In a candidate led market, Asda continuing to be an employer of choice with an effective employee value proposition is critical.
-

Mitigations

- Launched the Formula for Growth, giving colleagues a clear sense of purpose, helping us prioritise effectively, and setting out a defined path to improve performance.
- Enhanced our Senior Leadership team to deliver our Formula for Growth.
- Introduced a monthly colleague engagement pulse survey to keep a live view of engagement and allow us to respond at pace.
- Refreshed and reintroduced Colleague Circle groups across all areas of the business. These groups meet regularly with senior leaders to provide feedback on colleague issues.
- Expanded our graduate schemes, providing opportunities across Retail, Commercial, Finance, Data and Procurement.
- Launched a range of family friendly policies.
- Invested in 800 leaders from Executive to General Store Managers and Depot and Regional Managers, giving them the awareness and everyday leadership tools that build stronger relationships, increase motivation and uplift colleague engagement.
- Biannual talent reviews are in place to identify critical roles, strengthen internal and external succession pipelines, and deliver focused development for high-potential colleagues.
- Quarterly performance check-ins which feed into year-end conversations.
- Regular industry benchmarking informs pay decisions, ensuring we remain attractive and competitive in the market.
- We are enhancing and relaunching the leadership framework to establish clear expectations for recruitment, assessment, and development.
- Launch simplified career pathways to provide colleagues with clarity on progression and development opportunities at Asda.
- Simplify the bonus scheme to better incentivise and reward colleagues.
- Bi-annual Colleague Advisory Panel with representatives across Asda meeting directly with members of the Executive.
- We are enhancing how we engage with colleagues by launching new engagement tools in Q1 2026.

Oversight is provided by the Remuneration Committee and the Executive Committee.

Operational and Supply Chain Resilience

Inability to prevent, adapt or respond to a major disruption or failure, such as nature disaster, pandemic, or an event affecting key business operations, product sourcing and quality, supply chain or third parties. Additionally, inability to continue to improve productivity in operations, could impact Asda's ability to trade, prevent us from serving our customers, and result in not achieving our strategic objectives.

Context

- Disruption as a result of major incident or external events can have a number of impacts, for example increased freight costs and wholesale energy prices and shortage of raw materials. Any disruption to our supply chain or suppliers can impact our business operations.
 - There is no assurance that such pressures will not increase in the future which could materially increase our costs and impact our business. Sourcing and supply chain challenges could also be exacerbated through climate change as adverse weather conditions increasingly disrupt our ability to source, transport and deliver goods whilst also impacting our customers' ability to access our stores.
 - It is critical that productivity across the business is sufficient to meet our ambitious growth plans and to achieve our strategic objectives.
-

Mitigations

- A number of disaster recovery and business continuity plans are in place in the event of an operational incident which could severely affect the Group's ability to trade. A comprehensive Incident Response Plan exists to ensure business continuity in the event of a major incident.
 - An Incident Management Group is in place which is stood up where required and is led by senior operational stakeholders.
 - Quarterly horizon scanning is conducted to identify emerging risks, and any potential impacts to the supply chain and operations are escalated where required.
 - We continue to work with suppliers to help alleviate the challenges arising from recent supply chain pressures. This includes using our own logistics network to support suppliers in the transportation of products from their manufacturing sites to our distribution centres and amending ordering profiles to enable suppliers to better manage the efficiency of their production lines.
-

Oversight is provided by the Executive Committee.

Customer, Competition, Markets and Brand

In a highly competitive environment during a time of economic uncertainty, there is a risk we are unable to navigate changes in market structure and consumer shopping trends, effectively respond to government actions taken in response to price inflation or adjust to customers' changing expectations of value. This may lead to failure to enhance brand value and reputation, which could result in loss of market share.

Context

- Our business is dependent on the economic situation in the United Kingdom and we are exposed to local, regional, national and global economic, political, social and other trends that could impact our operations and financial performance.
 - In the highly competitive retail industry, success depends on satisfying changing customer needs more effectively than the competition. Failure to meet consumer demands is a competitive disadvantage and the Group may therefore be exposed to a loss of market share.
 - Our brand and reputation constitute a significant part of our value proposition. Our success has been founded in part on our ability to develop our brand as a leading UK retailer of quality, competitively priced grocery, clothing and general merchandise. Maintaining the reputation of and value associated with our brand is central to the success of our business.
-

Mitigations

- The Executive Committee continues to invest significant time in formulating, reviewing, and communicating our business strategy. This is delivered through strategic programmes with allocated programme teams tasked with delivering the objectives set out.
 - We continue to regularly review relevant data on aspects such as price position, product availability and other measures of quality and service that are important to our customers.
 - Continuous monitoring of market information to understand our position relative to competitors enabling action to be taken on a timely basis.
 - The Group regularly engages with customers, both directly and through the monitoring of available external data, in order to ensure that our positive customer perception is maintained.
-

Oversight is provided by the Executive Committee.

Climate Change

As the global climate crisis becomes more critical, there is a risk that Asda will fail to address climate-related impacts on our business in reputational, operational, and financial terms. If not managed appropriately, these factors may result in Asda not meeting the increasing expectations of consumers and stakeholders around climate change and ethical sourcing practices.

Context

- As a retailer, we recognise that we have a responsibility to minimise the adverse impact that our business activities have on the environment. Failure to do this may result not only in adverse environmental impacts, but also financial penalties and long-term damage to our reputation.
 - Other climate-related issues, for example adverse weather, may have a significant impact on our operations, property, and supply chain, particularly in fresh, and our ability to maintain availability on our shelves.
-

Mitigations

- We have a clear roadmap to achieve net zero Scope 1 & 2 greenhouse gas emissions, as we work towards this by 2040.
 - Scope 1 and 2 emissions come from fleet, buildings and purchased energy, and we continue to undertake numerous activities to reduce these, e.g. continuing to rollout gas-powered HGVs, electrifying the Asda Online delivery fleet, and moving to lower-carbon refrigerants.
 - On Scope 3 we continue to engage with our suppliers to reduce product-related emissions and work particularly closely with our largest suppliers on setting climate commitments for the products they sell us.
 - Our ESG Steering Committee oversees risk analysis for climate-related risks to our operations and financial position, and ensures mitigating actions are in place. Please refer to the Non-financial and Sustainability Information Statement on page 65 for further information.
 - In 2025 we rebased our full emissions footprint following acquisitions in 2023 and intend to set new targets covering all scopes, including a specific FLAG (Forest, Land & Agriculture) target.
 - We continue the transition of our fleet, buildings and purchased energy to lower carbon alternatives, wherever commercially viable.
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Oversight is provided by the ESG Steering Committee and Executive Committee.

Technology

Failure to deliver and maintain secure, scalable and efficient key IT systems and infrastructure, including management of key technology partners and failing to adjust to evolving regulatory standards, could result in significant service disruptions, financial losses and reputational damage.

Context

- Failure of our IT infrastructure or key IT systems could lead to loss of earnings or regulatory fines, limit our ability to operate effectively and have a negative impact on our reputation.
 - With Project Future now complete, our IT environment has undergone major changes, resulting in new controls and processes.
 - A number of critical systems are now cloud-based, software as a service (SaaS) solution which increases the importance of effective management of IT vendors.
 - The risk associated with cyber-attacks or data breaches is covered within the Cyber and Data Security risk.
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Mitigations

- We are dedicated to strengthening our Technology team's skills to improve and advance our core technology solutions.
 - We are optimising and upgrading our technology infrastructure and platforms to strengthen resilience. This includes significant investment to enhance our internal infrastructure and upgrade legacy systems across the organisation.
 - We continue to invest in, further refine and test our disaster recovery business continuity plans to ensure minimal disruption in the event of a technology failure.
 - We oversee operations through a well-defined process for managing minor and major incidents.
 - We prioritise, track and oversee technological innovation at Asda via robust governance and oversight framework.
 - Contracts are in place for all system provision and support services.
 - A dedicated technology supplier management team in place to track contractual commitments and provide performance actions as required.
 - The technology function is adopting and embedding our updated corporate supplier management framework.
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Oversight is provided by the Executive Committee.

Liquidity, Funding and Financial Risks

There is a risk that Asda is unable to access the short-term and long-term funding required to meet business needs. In addition, factors such as uncertainty in the macroeconomic environment and exposure to financial risks (e.g. market, credit, operational), could have an adverse impact on Asda's performance and financial position.

Context

- Availability and ability to access appropriate levels of funding and maintain liquidity is critical for continued business operations. There is a risk that Asda is unable to access financial markets to obtain appropriate sources and levels of funding at economic rates or debt funding is removed due to non-compliance with lending agreements and related covenants.
 - There is a risk of a working capital outflow if there were a significant reduction in payment terms to suppliers. Some of our suppliers benefit from access to supply chain finance facilities. The withdrawal of these facilities could lead to a review of payment terms.
 - Markets around the world experience volatility due to macroeconomic and geopolitical conditions. There is a risk that Asda is not able to effectively manage and mitigate the impact of these events on financial performance.
-

Mitigations

- The Group's Treasury function monitors current and forecasted cashflows and ensures that adequate short-term funds and borrowing facilities are in place to meet upcoming obligations.
- Covenant compliance is reviewed quarterly by the Controllershship team.
- The Liquidity & Risk Management Committee continue to conduct regular horizon scanning for emerging financial risks including but not limited to volatility in foreign exchange rates and commodity prices.
- Management accounts are distributed monthly to the Board and Executive, and the Bellis Board review financial performance.

Refer to the next section on Financial Risks for further details, as well as Note 19 Financial Instruments.

Oversight is provided by the Liquidity & Risk Management Committee (LARM).

Post Separation Delivery

Following the integration of Express and separation from Walmart, there is a risk of failing to embed changes and deliver planned synergies. This could impact customer experience, culture, operational stability and achieving long term strategic objectives.

Context

- Asda has completed a period of structural and operational change. This involved introducing new systems, processes and operating models across all functions including stores, depots and home offices.
 - There is a risk that Asda may not fully embed the new ways of working to secure the full benefits post separation. Without consistent adoption and optimisation, some areas may experience inefficiencies or operational challenges that limit the effectiveness of the changes and impact ability to deliver planned synergies.
 - Customer experience may also be affected if Asda is unable to effectively continue to adapt and stabilise, which could impact market share and overall brand reputation.
-

Mitigations

- Dedicated cross-functional teams are in place to oversee the embedding of new ways of working and manage the delivery of planned synergies.
 - Clear system and data design governance by Business Architecture and Enterprise Architecture to continue assessing that controls are appropriate and processes are enhanced to support efficient and compliant operations.
 - A governance structure is in place to monitor and manage the delivery of internal initiatives and working programmes. This incorporates lessons learned, applying them to ongoing and future work, with continued focus on strengthening existing processes and embedding best practices.
 - There are a number of working programmes in place focused on stabilisation, value creation and optimisation. Each programme has defined objectives and deliverables to support alignment and clarity of purpose.
 - Delivery of the working programmes will further embed recent changes, strengthen controls, improve synergy delivery and provide clear organisational priorities, thereby reducing the risk of inefficiency or misalignment.
 - Post Future, we are obtaining a clearer understanding of our end-to-end value chain processes. Going forward, this will enhance our insights to support informed decision-making, anticipate the impact of future changes, and identify bottlenecks that may limit performance.
 - We continue to streamline our processes and apply consistent rigour to strengthen operational delivery while enhancing both customer and colleague experience.
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Oversight is provided by the Executive Committee.

Financial Risks

The key financial risks faced by the Group are liquidity and funding, foreign currency and interest rate risks. The policies and strategies for managing these risks are summarised below with further detail in Note 19 Financial Instruments in the notes to the Financial Statements.

Economic Risk

Our business is dependent on the economic situation in the United Kingdom and we are exposed to local, regional, national and global economic, political, social and other trends that could impact our operations and financial performance.

Liquidity and Funding Risk

The Group's principal day to day financial risk is having funds available at the right time to meet business needs. This risk is managed by the Treasury function, which forecasts cash flows and ensures that adequate short-term funds and borrowing facilities are in place to meet liabilities to suppliers, colleagues and our lenders as they fall due.

The Group is party to a number of covenants associated with external borrowings; refer to the Capital Structure, Net Debt and Leverage section on page 19 for further information. There is a risk that the covenants attached to these borrowings are not met which could result in penalties and adversely impact the Group's ability to secure funding in the future. As such, covenant compliance is continuously monitored and managed.

The Group's Treasury function ensures that the Group continues to have sufficient funding to maintain our policy headroom by monitoring rolling forecasts of the Group's cash flows, which includes the Group's ability to service its debt obligations.

The Group has arrangements with a number of third-party financial institutions that allow a number of the Group's suppliers to participate in Supply Chain Finance ("SCF"). The Group is subject to risk of a working capital outflow in the event of a reduction in available SCF facilities. This risk is mitigated by supplier payment terms being contractually agreed with the majority of suppliers separately from SCF arrangements, and by the Group having SCF arrangements with a number of financial institutions. Refer to note 19 Financial Instruments for further details.

The Group is subject to the risk that its capital structure may not be sufficient to support the growth of its business and maintain its existing credit rating. The capital structure of the Group consists of debt obligations (including the Senior Facilities, the Senior Secured Notes and term loans), equity (issued share capital, share premium and reserves) and a shareholder loan. Part of the Group's capital risk management strategy is to monitor a broad range of financial metrics and manage compliance with financial covenants relating to the Group's debt obligations. Refer to the Capital Structure, Net Debt and Leverage section on page 19 above for further information.

The Group entered into re-financing events in 2025. For more information see the Key Principal Decisions section on pages 20 and 21.

Credit Risk

The majority of the Group's revenue is received in cash or cards at the point of sale. Some credit risk does arise from cash and cash equivalents, deposits with banking groups and exposures from other sources of income such as commercial income.

Foreign Exchange Risk

The Group is exposed to foreign exchange risk as certain transactions with suppliers are denominated in foreign currencies. Cash flows can be affected by movements in exchange rates, primarily US Dollars and Euros. The Commercial Finance function forecasts the timing and level of foreign currency requirements, and the Treasury function buys forward contracts accordingly for certain product categories. Other currency requirements are purchased on the spot market. It is the Group's policy not to buy or hold foreign currency speculatively. Currency forward contracts are hedge accounted at fair value.

Interest Rate Risk

The Group is exposed to interest rate risk on its floating rate liabilities (based on SONIA and EURIBOR) primarily composed of the Senior Facilities, which consist of the Revolving Credit Facility, Term Loan A, Term Loan B and the Apollo Facility entered into to finance the acquisition of Asda Express (Jersey) Ltd. During the prior year the Group completed the re-financing of a substantial portion of its capital structure. This involved entering into two new Term Loan B facilities which both mature in May 2031. The previous Term Loan B has been repaid in full. The EURIBOR interest rate risk on Term Loan B is partially hedged through entering cross-currency interest rate swaps to fix 74% of the interest payments in pound sterling until May 2027. The SONIA interest rate risk on the Apollo Facility was partially hedged through entering into an interest rate swap to fix 79% of the interest. These interest rate swaps matured in November 2025. Taking into account the swaps that were in place at the Balance Sheet date, the proportion of the Group's total debt which is exposed to variable interest rates is less than 25%.

Commodity Price Risk

The Group manages the risks associated with the purchase of electricity and gas consumed by its activities by entering into hedging contracts to fix prices for expected consumption. The Board reviews the Group's exposure to commodity prices and ensures it remains within policy limits.

Environmental, Social, Governance (ESG)

Asda's leadership is aware of the impact that the operations of the Group can have on the environment and society. Our Environmental, Social and Governance (ESG) programme is a core part of our growth strategy and in ensuring the long-term sustainability of our business, and as such the programme is overseen by the Board and led by the Executive Committee.

Following our first ESG rating report, by the ratings agency Sustainable Fitch, reflecting an underlying score of 54 – which indicates an average ESG profile, our latest ESG rating report (published February 2026) maintains an average ESG profile with an improved score of 57

ESG strategic priorities

How we show up matters. Whether empowering colleagues, supporting local communities or tackling waste, our Environmental, Social and Governance (ESG) programme is focused on making a positive difference in how we operate every day.

Our strategy aligns with the business's broader ambitions and is designed to remain resilient as stakeholder expectations evolve. It centres on providing accessible and affordable solutions for customers seeking healthier and more sustainable choices, while building a more efficient and resilient value chain to support long term sustainable growth.

In 2025, the ESG Steering Committee progressed a wide range of priorities across the programme. Key areas of focus included responsible sourcing and human rights, zero waste initiatives such as food waste reduction, and the opening of the Leeds Community Shop. The Committee also oversaw further development of our Net Zero Carbon transition plan and targets, reviewed climate-related risk and disclosure, and considered updates to our zero-deforestation policies.

Regular review of our material issues remains central to this work. Building on our 2022 materiality assessment, we are updating our analysis in 2026 to ensure continued focus on the issues most significant to our stakeholders and where we can have the greatest impact.

Five priority areas guide our programme:

- **Healthy and sustainable choices** – making healthy and sustainable choices easy and accessible for customers;
- **Net Zero Carbon** – an end-to-end net zero carbon emissions business;
- **Nature** – more sustainable and resilient supply chains, driving a positive impact on key resources;
- **Zero Waste** – minimising waste through reduction, reuse and recycling across our operations and supply chain; and
- **Responsible Business Fundamentals** – maintaining robust practices in health and safety, diversity and inclusion, responsible sourcing and human rights, modern slavery prevention and charitable initiatives.

Healthy and Sustainable Choices

As one of the UK's largest supermarkets, we recognise the important role we play in offering accessible, healthier choices for customers and the positive influence these choices can have on the nation's health. Following the introduction of High Fat, Sugar and Salt (HFSS) legislation in 2022, Asda, alongside other UK retailers, is working with the Leeds Institute of Data Analytics (LIDA) at the University of

Leeds to assess the impact of location-based restrictions on customer behaviour.

We also continued our partnership with Nesta, an independent research organisation, launching a series of in-store trials designed to encourage healthier eating habits across three key categories: produce, snacking and frozen. These interventions reflect our commitment to evidence-based action to support healthier choices and help address health inequalities.

Since the introduction of our new commitment in 2023 to “improve the average sales-weighted health score of our products year on year”, we achieved an improvement from 1.77 in 2023 to 1.83 in 2024, demonstrating a positive shift in the overall nutritional profile of products sold at Asda. This was driven by growth in healthier categories such as dairy and salads, alongside reduced volumes in less healthy areas including beverages, sugar and desserts. Our score for 2025 will be available later in 2026.

“Sustainable choices” focuses on empowering customers to make more environmentally responsible decisions when they shop with us. By improving transparency, expanding our range of sustainable products, and making it easier to identify better choices, we aim to help customers align their purchases with their values—without compromising on quality, price, or convenience. Packaging plays an important role in the protection and preservation of our products, ensuring that all products continue to be fresh and safe to use once you get them home. However, this must be balanced with our commitment to using less packaging overall, making the best possible material choices for our packaging, aligned to our packaging commitments.

Net Zero Carbon

We are committed to delivering net zero operations by 2040 and have a clear roadmap to get there. We have been working to decarbonise our Scope 1 and Scope 2 carbon footprint since 2007 and have now reduced them by 55%, 5% ahead of our 2025 goal of a 50% reduction, based on the 2015 Asda legacy baseline, which excludes Asda Express stores acquired in 2023. This reduction represents a further 7% in FY25 (in the Asda legacy business before acquisitions) driven in part by a reduction in electricity and gas use, decarbonisation of refrigeration gas and decarbonisation of the National Grid, as well as by continued transition of our fleet to low or no carbon fuels.

As we prepare to re-set our carbon targets, covering all emission scopes and including a new FLAG (Forest, Land, and Agriculture) target, with the Carbon Trust, we have rebased our emissions to reflect our current business structure. To address Scope 3 emissions, which account for 98% of our emissions, we are working collaboratively with suppliers and partners to drive climate action. Working alongside the sustainability ratings platform, EcoVadis, we now require our largest suppliers to share sustainability data with us through the EcoVadis platform, to ensure two-way visibility of data.

Refer to the carbon reporting section below for further details about our operational emissions.

Nature

Our aim is to build a more resilient value chain that positively impacts natural resources. In early 2024, we launched our new natural resource stewardship strategy, fulfilling our 2020 commitment to establish a programme by 2024.

The strategy takes both a landscape-level and local approach, recognising the interconnected nature of water, biodiversity, and soil health. By addressing the specific needs of whole landscapes and supporting the collective action of individual farms, we can help restore natural processes and strengthen ecosystem resilience.

We are working with suppliers to identify key action areas and develop clear plans. This includes trialling biodiversity tools for agriculture and expanding our water stewardship initiatives. Globally, we

also fund WRAP-led collective action projects in Southern Spain and South Africa, focused on restoring natural systems and improving long-term sustainability in critical sourcing regions.

These efforts build on our existing programmes, including our work on the Courtauld Commitment 2030, fresh produce certification through LEAF, deforestation-free sourcing across key commodities, and project work to develop soil health metrics.

Zero Waste

At Asda, we hate waste of any kind – whether it’s operational, food, or packaging waste, which is why reducing it is one of our strategic priorities. Our approach focuses on three core areas: reduction, redistribution and repurposing. We also offer our customers facilities for collection of hard-to-recycle items, helping customers recycle more and waste less.

In a UK supermarket first, we launched the sale of refurbished TVs—supporting our environmental strategy and promoting circularity by extending product life and incorporating recycled materials. The refurbished TVs offer a more affordable choice for customers.

In 2025 we continued to work towards our waste reduction targets across food (20% reduction in waste), packaging (100% recyclable own brand packaging, 30% recycled content) and operational waste (90% diversion from energy and maintain zero to landfill). The progress we have made towards delivery of these targets will be updated in our next ESG Report, later in 2026.

For more detail about our environmental commitments, please refer to our latest ESG Report available on our website.

Responsible Business Fundamentals

Please see the Supporting Local Communities section on page 73 for information about our actions on responsible business fundamentals during the year.

Streamlined Energy and Carbon Reporting

ASDA is reporting against the Streamlined Energy and Carbon Reporting (SECR) framework for the reporting period 1st January 2025 to 31st December 2025. ASDA is reporting as a 'large' unquoted company and all the minimum requirements have been addressed and are presented here.

The FY25 emissions footprint and year on year change reported at a group level reflects a decrease in emissions to 467,097 tCO₂e, which is a 12.6% decrease on the reported figures versus FY24.

For the Asda legacy business (excluding acquisitions), in FY25 we continued our track record in reducing carbon emissions from our operations, reporting a 12.8% reduction in emissions compared to the prior year (FY24: 12.3%). This was driven by a 10.0% reduction in Scope 1 emissions, which are direct greenhouse gas emissions produced from sources owned or controlled, and a 16.9% reduction in Scope 2 emissions, which are indirect greenhouse gas emissions from the energy bought and used.

We are pleased that this progress takes us past our interim target of 50% reduction in scope 1 & 2 emissions since 2015, to a 55% reduction, and we remain committed to delivering net zero operations by 2040.

The table below details our emissions for the year ended 31 December 2025, showing emissions for the legacy Asda business and the combined group including acquisitions.

The methodology used is the WBCSD/WRI Greenhouse Gas Protocol: a corporate accounting standard revised edition in conjunction with UK Government environmental reporting guidelines including SECR guidance, and we have taken an operational control approach, using the UK Government greenhouse gas conversion factors for company reporting for 2025. Scope 2 emissions from purchased electricity are reported using a location-based approach. We voluntarily report Scope 1 Stationary Fuels other than Natural Gas, which is not a mandatory requirement for unquoted companies.

	Asda legacy 31-Dec-25	Group including acquisitions 31-Dec-25	Asda legacy 31-Dec-24	Group including acquisitions 31-Dec-24
Emissions source				
<i>Energy usage:</i>				
Electricity	992,818,821	1,092,637,375	1,021,098,353	1,116,159,568
Natural gas	335,846,102	336,161,860	358,624,953	358,968,403
Other stationary	60,312,471	60,312,471	69,880,295	69,880,295
Transport fuel	672,894,828	773,784,781	722,581,341	831,626,905
Total kWh	2,061,872,222	2,262,896,487	2,172,184,942	2,376,635,171
<i>Greenhouse gas emissions</i>				
Direct combustion	76,883	76,940	84,004	84,067
Fugitive emissions	89,740	94,349	90,617	94,290
Fleet vehicles	99,405	114,391	121,079	139,503
Total Scope 1	266,028	285,680	295,700	317,860
Scope 2: electricity (location)	163,935	180,524	197,331	215,773
Scope 3: business travel	893	893	805	805
Total tCO₂e	430,856	467,097	493,836	534,438
tCO₂e % change YOY	-12.8%	-12.6%	-12.3%	-12.0%
Intensity ratio (tCO₂e/£million in sales)	19.14	18.05	21.09	19.91

We continue to work through the integration of scope 3 data for acquisitions the purposes of updating our transition plan and setting science-based targets.

Energy Efficiency Actions

Asda's energy and carbon reduction strategy to become a net zero business by 2040 aligns with the British Retail Consortium climate action roadmap. We recognise the importance of reducing energy consumption as part of our broader carbon reduction target, which involves us investing each year in energy efficiency measures.

We work closely with the Energy Bureau, a department within our facilities management and energy partner, City FM, whose role is to monitor, control and reduce the amount of energy the Group uses. Through this core activity Asda avoided over £4m of utility use through prudent utility alarm management in 2025. Additionally, through 2025 we continued to develop:

- Refrigeration and HVAC control algorithms to reduce utility consumption and develop demand management flexible electricity use capabilities to:
 - fulfil Capacity Market obligations with the National Energy Systems Operator; and
 - minimise our non-commodity electricity costs
- trials to reduce like-for-like fridge compressor consumption
- a revised standardisation of fridge specifications across a variety of product ranges

We also continue to explore trials of new technologies and work with external partners and contractors to innovate, such as the EU Enough programme and GreenScies (Green Smart Community Integrated Energy Systems) which completed in 2025, with a view to expanding a wider range of energy efficiency actions over the coming years.

Non-financial and Sustainability Information Statement

For the FY25 reporting year the Group is required to comply with climate-related financial disclosures as implemented by the UK Government, which are aligned to the Taskforce on Climate-related Financial Disclosures (TCFD)’s recommendations. The disclosures below are structured in line with the four core elements of the TCFD framework: governance, risk management, strategy and metrics and targets.

Governance

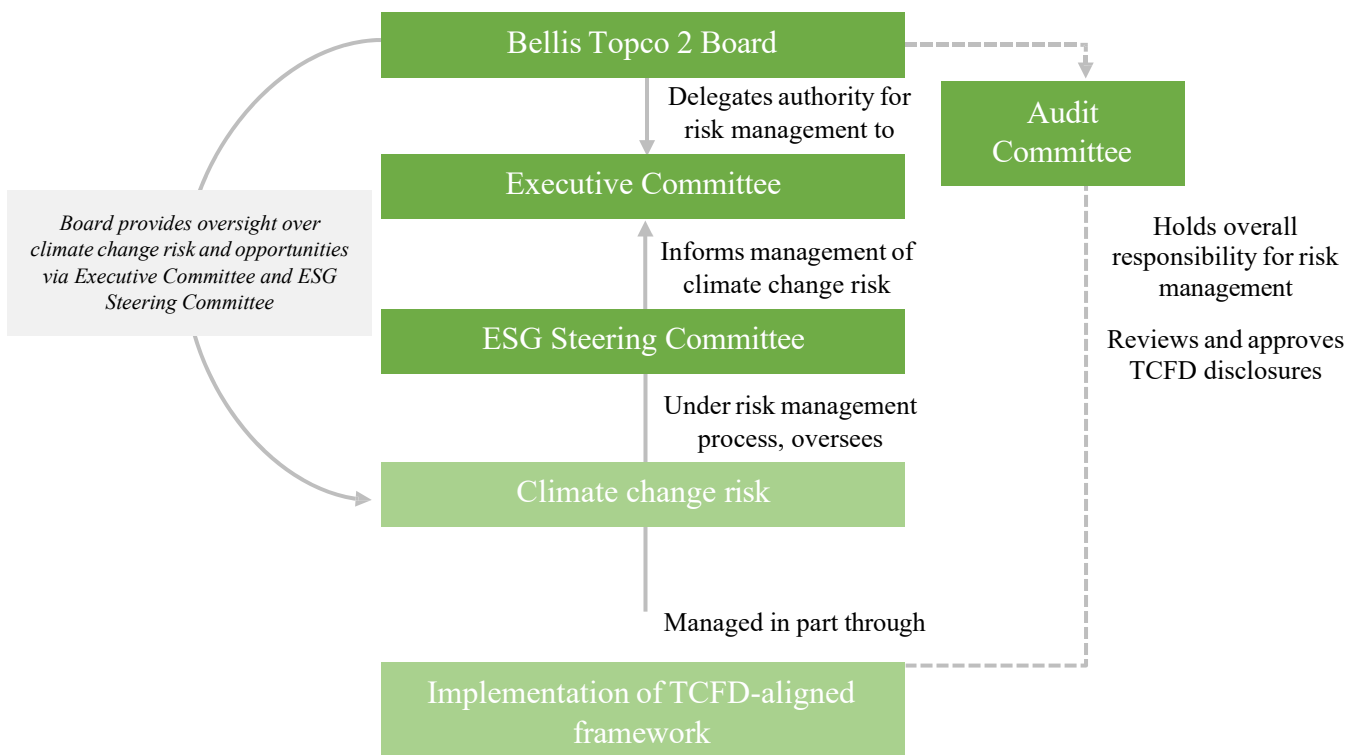
Asda’s Board is ultimately responsible and accountable for overseeing the effectiveness of risk management process, including identification of the principal risks facing our business. Climate risk was first designated as a Principal Risk in FY22.

The Board delegates responsibility for risk management to the Executive Committee. Responsibility for managing climate risk is held by the ESG Steering Committee, a sub-committee of the Executive Committee which in 2025 was attended by the Chief Finance Officer, General Counsel, Chief People and Customer Affairs Officer and Chief Commercial Officer - Food. The ESG Steering Committee meets every two months and has responsibility for Asda’s ESG policies and for mitigating Asda’s climate change enterprise risk. It also provides updates to the Audit Committee.

Opportunities related to climate change are further supplemented by the Strategy team which is responsible for strategic planning.

Refer to the Approach to Risk Management section on page 46 for further detail, and specifically the climate change principal risk and uncertainty (page 54). For further information on each of the governance groups included within the diagram below, please also refer to the Governance section of the Strategic Report, Principle Three: Director Responsibilities (page 33).

Climate Risk Governance Structure



Risk Management

Under our Principal Risk management framework, the ESG Steering Committee is responsible for managing climate risk for the Group. This includes identifying, recording and assessing the possible impact and likelihood of climate-related risks, as well as agreeing mitigation and action plans where required.

Relative to the Group’s broader and long-established Principal Risk register, FY25 marked the fourth year of climate change being included as a Principal Risk for the Group and we are therefore in the development phase of our management of climate change risk.

Taking detailed input from subject matter experts from across the business, supported by a broader landscape review and detailed industry benchmarking, we have developed a functional risk register which is overseen by the ESG Steering Committee and is reviewed on a half yearly basis. The table below summarises the key climate-related risks identified through this process. This is not intended to be an exhaustive list but indicates the likely relatively most material risks and opportunities.

The below analysis will be updated for our FY26 disclosures.

Risk/opportunity type	Risk/opportunity	Impact pathway	Asda value chain Impact	Risk/opportunity time horizon
Physical risk	Extreme heat	Impact of fridge and/or freezer failure on sales of chilled/frozen goods and potential loss of inventory	Revenue, costs, assets	Near term, medium term
Physical risk	Extreme heat	Impact on supply of poultry both for meat sales and use as a raw ingredient	Revenue, cost prices	Medium term
Physical risk	Drought	Impact on supply of tomatoes	Revenue, cost prices	Medium term
Transitional risk	Carbon pricing	Cost exposure from own operations to possible future carbon pricing / taxation mechanisms; pricing strategy	Revenue, Costs	Medium term
Transitional risk	Fuel regulation	Risk of lost revenue due to possible future developments in fuel regulation and green energy transition	Revenue	Long term
Transitional Opportunity	Shift in consumer Preferences	Scale of opportunity from transitioning to alternatives from carbon-intensive meat products	Revenue	Near term, medium term

Strategy

Asda’s ESG programme remains a key business priority. Part of the remit of the ESG Steering Committee is to manage the risks and opportunities associated with climate change, and ensure that these are embedded into our strategic planning. To help shape our understanding of the potential implications of both the physical and transition risks associated with climate change, and therefore inform this strategic planning, we have conducted qualitative scenario analysis with the support of an external specialist. This approach is intended to identify risk “hotspots” and provide a relative assessment of risks, in order that we can improve our strategies to manage them. It is not intended to provide an assessment of value at risk and relative level of risk for each risk/opportunity considered may therefore not be directly comparable.

Each risk has been assessed using a standard, recognised methodology, using the following risk formula:



The likelihood element uses climate models to take account of possible climate outcomes at specific locations, e.g. sourcing, manufacturing or operational sites. The impact element uses Asda data, including e.g. information about our assets and product-specific financial information, to determine the possible relative impact of each risk. This enables us to establish an overall risk rating across different time horizons and warming scenarios (described further below).

Based on this rating, the spectrum of outcomes ranges from low to high. A low risk is assumed to have very limited impact on our operations or finances, whereas high risk could have material operational and financial consequences if not appropriately mitigated. We take these risk assessments into account for our strategic planning on both a financial and operational basis, to ensure we appropriately mitigate the likelihood of risk, and we are able to respond to the impact of such risk materialising.

As recommended by the TCFD we have considered our climate-related risks and opportunities in the context of three possible warming scenarios, which provide a range of possible future outcomes for the business. These are aligned to the Shared Socioeconomic Pathways (SSPs) as defined by the Intergovernmental Panel on Climate Change (IPCC), as follows:

- **Optimistic:** a Paris-aligned 1.5°C scenario, (SSP1.2.6, net zero by 2050);
- **Middle of the road:** a <2°C scenario, (SSP 2-4.5, delayed transition); and
- **Pessimistic:** a >3°C warming scenario, (SSP 5-8.5, current policies).

Similarly, in line with the TCFD’s recommendations we have considered each of these warming scenarios across three time horizons:

- **Near term:** 2026;
- **Medium:** 2027-2030; and
- **Long term:** 2030-2050.

The near-term period reflects our detailed business planning cycle, whilst medium term indicates a broader strategic planning horizon. The long-term horizon reflects the time period over which the Group plans its net zero roadmap and targets. It should be noted that risk evolution is not necessarily linear over the near to long-term time horizons due to complexities in the climate data, which give rise to the risk profiles evolution shown in the results detailed below. We will refresh the scenarios below during 2026 and disclose any changes in the 2026 Annual Report.

Results of scenario analysis

Scenario analysis was conducted for the five risks and one opportunity we identified. The potential impacts from the risks could primarily impact the Group’s availability of products in-store, and value and competitive positioning versus competitors, hindering our ability to meet our strategic objectives. However, the results demonstrate that the exposure to risk in the near term is very limited, particularly in a middle of the road scenario, with lower to moderate potential risk in the medium term.

Management considers the business to be resilient in the face of climate change risks, with mitigating factors already in place in areas such as managing the impact of extreme heat on operations. Additionally, with our vertically integrated sourcing model, through our subsidiary International Procurement and Logistics Ltd we have flexibility and influence when sourcing from regions where some of the types of products most likely to be exposed to the impacts of climate change originate (including tomatoes, as described below, and other produce sourced from similar regions). This model ensures we have close connections to suppliers to influence resilience planning and enables us to diversify supply in response to risk factors as and when they arise.

Extreme heat: operational impact

We considered the possible impact of extreme heat increasing stress on cooling capabilities at our stores and distribution centres based on location-based climate forecasting. This could lead to stock or asset loss, or revenue loss due to failure of refrigeration units and inability to sell chilled food. The risks are considered lower in the near-medium term, increasing in a more pessimistic scenario.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3 °C)
Near term (2026)	Lower-moderate	Lower	Lower-moderate
Medium term (2030)	Moderate	Lower	Moderate
Long term (2050)	Higher-moderate	Higher-moderate	Higher-moderate

We have mitigating actions in place to address the risks of heat impacting our operations, including:

- Adiabatic cooling which increases the capacity of refrigeration during ambient conditions;
- Autoload shedding to enable units to run at more efficient temperatures; and
- Investment in energy saving measures to reduce refrigeration load, including for example, installation of chiller doors, LED lighting to reduce heat, and active fridge control to optimise efficiency.

Refer to the energy efficiency actions section on page 64 for further information.

Extreme heat: poultry supply

We analysed the potential impact of extreme heat on our poultry supply chain, shown in the table below. Extreme heat could impact animal welfare and lead to loss of poultry livestock by suppliers, leading to lost revenue by an inability to supply poultry products or for use as a raw ingredient. It could also lead to raw material price increases in the event of reduced availability in the market.

We work closely with our suppliers to assess and mitigate such risks. Risk assessments are carried out on a location basis to identify farms at risk of heat stress so that they can then be targeted with the appropriate level of mitigation. For higher risk farms, our suppliers are installing mitigations such as misting systems to provide cooling. Stocking density can also be reduced for the warmer months to reduce the risk of heat stress. We also work with suppliers to ensure that colleagues have appropriate training on heat management to know when and how to implement measures to avoid the risk of stress.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Lower	Lower	Moderate
Medium term (2030)	Moderate	Lower	Moderate
Long term (2050)	Moderate	Moderate	Higher-moderate

Working with suppliers to find sustainable and resilient farming methods forms part of our key ESG strategic priority: Nature.

Drought: tomatoes

Tomatoes were selected as a product for which to analyse the risk of drought as an example of one of many crops grown in areas such as southern Spain, as both sold directly to customers and as a key ingredient in many own brand and branded products. The risk of drought could lead to failure of supply leading to lost revenues, and/or increased cost prices due to more limited availability of tomatoes for resale or use as a raw material. The risks in the near-term across all warming scenarios are considered to be higher to moderate, with higher risk in the medium and long term.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Higher-moderate	Higher-moderate	Higher-moderate
Medium term (2030)	Higher	Higher	Higher
Long term (2050)	Higher	Higher	Higher

Mitigating water shortages falls under our Nature ESG strategic priority. We’re working on a number of important projects to support resilience in our supply chain and good water stewardship to mitigate and manage this risk. The mitigations below relate more broadly to produce with provenance similar to tomatoes.

As signatories of the Courtauld Commitment 2030 steered by WRAP, we’re committed to targeting 50% of fresh food to be sourced from areas with sustainable water management by 2030. We are involved in projects in two key locations, Spain and South Africa, to support improvements in water management.

South Africa is a key region for fruit supply. At the start of FY23 we committed to a three-year programme to financially and operationally support a project with WRAP across the country. The project involves clearing invasive tree species from river corridors and restoring the natural river ways with native shrubs and trees, reducing the risk of drought and improving river flows. Ground water, river flow and water level monitoring enables data collection which can then be used to pilot initiatives with farmers in the local areas.

Doñana in Andalusia, Spain, is another key growing area for fresh produce. It is home to some key wetland areas which offer a resting place for migrating birds between northern Europe and South Africa, which are being put at risk due to a range of factors, including the use of water in crop growing. We’ve signed up to a three-year commitment to support farmers in improving water resilience through improved efficiency of usage, trialling initiatives and seeking to improve water quality. During 2024, we took part in multi-stakeholder workshops in Doñana aimed at identifying collective action opportunities around four main topics: ensuring legality, improving the status of ecosystems and water bodies, managing water quantity and quality risks and activities to drive water stewardship practice.

Water stewardship plays a pivotal role in achieving sustainable and climate-resilient supply chains, and projects like these help us to get closer to the Courtauld Commitment target of 50% of the UK’s fresh food sourced from areas with sustainable water management.

Carbon pricing

We considered the impact of possible carbon pricing on our business, based on our target of reaching net zero scope 1 and 2 emissions by 2040. Carbon pricing could lead to increased costs for the business, hindering our ability to offer the best value for customers. Possible exposure to carbon prices would be greatest in the optimistic scenario in the near to medium terms, which would require an accelerated decarbonisation pathway, but would be lower in the middle of the road or pessimistic scenario.

We mitigate our risk of exposure to carbon pricing through our ambitious carbon reduction programme and 2040 net zero commitment, detailed further in the climate section above. We have already demonstrated significant progress in reducing our emissions versus the 2015 base by 55% (excluding the acquisitions consolidated from FY23) and have a clear roadmap for achieving further reductions, including transitioning our delivery fleets to lower carbon or electric vehicles, electrification of our heating and cooling systems and energy efficiency actions. Please refer to our latest ESG Report available on our website for further information.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3 °C)
Near term (2026)	Higher-moderate	Lower	Lower
Medium term (2030)	Higher-moderate	Lower	Lower
Long term (2050)	Lower	Lower	Lower

Fuel regulation

Changes to fuel policy could pose a possible transitional risk due to our presence in the fuel market, which was increased during last couple of years with the acquisitions of Arthur Foodstores Ltd and Asda Express (Jersey) Ltd. The Government’s ban on the sale of internal combustion engine vehicles from 2035, or other similar policy decisions, could lead to reduced demand for fuel as consumers transition to electric vehicles (EVs). The risk is considered to be relatively low in the near term as petrol and diesel vehicles will continue to be sold up to the medium-term time horizon.

We’re already preparing for the fuel transition, with EV charging capacity installed at a number of our stores. We continue to explore options for further roll out of EV charging, balancing capital investment, charge speed and pricing, as well as considering the planned electrification of our online delivery fleet, to establish the best commercial approach. We have also explored the application of hydrogen powered vehicles in our heavy goods delivery fleet, which has provided us with a greater understanding of the role that this technology may play in the market in the future. This work and exploration will inform our strategy over the medium to long term, where we expect that alternative fuel sources will form a part of our customer offering in order to mitigate any long-term decline in the fossil fuel market.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3 °C)
Near term (2026)	Lower	Lower	Lower
Medium term (2030)	Moderate	Lower	Lower
Long term (2050)	Higher	Higher	Higher

Partially offsetting the risk of fuel regulation to our fuel business, our intention to increase EV charging capacity across our sites gives rise to an opportunity to increase grocery and food service sales as a result of the additional dwell time when customers use electric chargers compared to using petrol and diesel pumps. We anticipate this dwell time opportunity to grow over the medium to long term as we roll out EV charging points across our sites and as consumers transition from internal combustion engine vehicles to EVs.

Opportunity: shift in consumer preferences

We identified a potential shift in consumer preferences towards meat-free alternatives as an opportunity for our business, presenting a moderate opportunity in the near to longer term. This could enable us to better serve a wider range of customer needs as preferences for more sustainable food choices evolve.

	Optimistic (1.5°C)	Middle of the road (<2°C)	Pessimistic (>3°C)
Near term (2026)	Moderate	Moderate	Moderate
Medium term (2030)	Moderate	Moderate	Moderate
Long term (2050)	Moderate	Higher-moderate	Moderate

The potential to harness the demand for meat-free or less carbon intensive products presents an opportunity to offer our customers more sustainable alternatives and forms a key part of our ESG strategy to offer healthy, sustainable choices to our customers.

We have two meat-free sub brands: Plant Based, a healthy range of balanced, plant-based products, and OMV!, an unapologetically indulgent vegan range which we continue to benefit from. These are just some of the steps we’re taking to enable our customers to make greener choices, and to make climate-conscious business choices.

Metrics and Targets

We use several key metrics to measure progress against our climate-related risks and opportunities.

Drought: tomatoes

We aim to source 50%, by volume, of our fresh food in certain categories from farms with sustainable water management (defined using the WRAP/WWF water assessment tool) by 2030. The purpose of this target is to quantify, establish and increase the holistic management of water within our fresh food supply chains, especially those that are large land users, to improve resilience. We aim to achieve our target through quantification of data, collaboration with industry partners and through the WRAP programmes of work we are already involved in, in Spain and South Africa, and build on our progress on our LEAF certification across produce. This was a new commitment in 2024 and we have not yet measured our progress.

We have also committed to reducing our water consumption in our operations year on year by using water more efficiently across our operations. On a like-for-like basis, our water consumption decreased between FY23 and FY24 (our latest available data), although our absolute usage increased as we were able to report consumption from our convenience store acquisitions for the first time.

Carbon pricing

We had a commitment to reduce the carbon impact of our operational emissions (scopes 1 and 2) by 50% from our 2015 baseline by 2025 and we surpassed this by 5% as we measured a 55% reduction as at the end of 2025. We achieved this target through improved efficiency (energy use and consumption in sites and stores and through logistics) and reducing fugitive emissions production through electrification and fridge doors.

In our full estate, including acquisitions, we reduced our Scope 1 & 2 emissions by 12.6% between FY24 and FY25.

Please refer to the Streamlined Energy and Carbon Reporting section on page 63 above for further details of our emissions in FY25.

Opportunity: shift in consumer preferences

As part of our commitment to provide healthy and sustainable choices to our customers, we aim to improve the health score of our products (based on the government nutrient profiling model). In our latest available data for FY24, we improved the average sales weighted health score from 1.83 to 1.77.

In addition, we aim to reduce the intensity of our packaging use by 20% by 2030, with a reduction of 3% in metric tonnes per 1% market share between FY23 and FY24 (latest available data).

For details on all other ESG-related metrics which do not relate directly to the risks and opportunities covered by this section, please refer to our latest ESG Report which can be found on our website.

Social, Community and Human Rights Issues

Supporting Local Communities

Our stores sit at the heart of the communities we serve, and we recognise the vital role we play in supporting them. This commitment is delivered through the Better Lives pillar of our Creating Change for Better programme.

Our community programme includes monthly focus themes to support different areas of need. Highlights this year included celebrating local Community Heroes as part of Asda's 60th birthday, with 60 community groups receiving Asda Foundation grant funding to support their work. In July, as part of our Love Where You Live campaign, 1,000 volunteers collected more than 1,500 bags of litter, helping to improve and protect local spaces across the country.

At Christmas, our focus was on tackling loneliness and isolation, particularly among older people. Through the Asda Foundation's Better Together grants, more than 550 community groups received support to help bring people together during the winter months. We also relaunched our Happy to Chat campaign, with colleagues wearing festive badges to encourage friendly conversations with customers who might otherwise feel alone. One example included support for the Memory Lane Café in Halifax, where a grant funded dementia-friendly activity and a festive celebration for its members.

We also strengthened our partnership with The Children's Book Project, collecting more than 650,000 new and preloved books. Colleagues sort and box donations in-store before they are backhauled through the Asda toyou returns network to the main sorting center in South Elmsall, using available space on existing transport routes.

From there, books are delivered to The Children's Book Project hubs in London, Leeds and Birmingham, where volunteers prepare them for distribution to local schools. We will continue to support book collection and redistribution throughout 2026.

In 2025, the Asda Foundation charity continued to strengthen its support for grassroots community groups, awarding £3,227,941 in grants to 2,361 organisations across the UK. Guided by insights from the Community Tracker survey and direct feedback from local groups, funding was strategically directed to the areas of greatest need. This included supporting young people and mental health through the Young Futures Fund (£510,465), providing essential food and household items via the Foodbank Fundamentals Fund (£400,200), and addressing loneliness and social isolation through the Better Together Fund (£401,400). The Foundation also invested significantly in improving local environments, with £529,977 allocated to the Outdoor Community Spaces Fund and £1,255,314 through the Local Community Spaces Fund. Together, these investments underscore the Foundation's commitment to building stronger, more resilient communities.

In 2025, we celebrated 25 years of partnership with BBC Children in Need and delivered our biggest ever year of funding for the charity since the partnership began in 2000, raising over £4m to support the charity. Asda's partnership with Children in Need aims to help the charity support 100,000 children over a three-year period, through the Fuelling Potential campaign, which seeks to boost physical and mental wellbeing through access to Children in Need funded holiday programmes. Alongside fundraising, our colleagues delivered a series of Pudsey clubs across stores and cafes to support Asda customers with free activities and resources in the school holidays. In 2025, through sales of our George Pride range, we raised over £20,000 for charity partners Diversity Role Models.

In 2025, George at Asda partnered with Universal Pictures' Wicked: For Good campaign to support The King's Trust's Change a Girl's Life programme, an initiative helping young women facing adversity access the skills, support and opportunities they need to enter employment and build sustainable futures. As part of this collaboration, a dedicated range of fashion and merchandise was launched, with George donating a maximum £100,000 from the proceeds of the range contributing to The Trust's charitable work. This partnership exemplifies George's ongoing commitment to purpose-led retailing that drives positive social impact alongside commercial growth.

Continuing Asda's legacy of fighting hunger, in 2025, together with our customers, we donated the equivalent of 1.8 million meals to foodbanks in the Trussell Trust network. In May 2025, Asda stores across the country took part in the annual food drive in partnership with the Trussell Trust. The three-day event generated the equivalent of over 179,000 meals for our communities and gave foodbanks across the Trussell Trust network as well as independent food banks the opportunity to bring volunteers into stores to raise vital funds and awareness.

Further to this, in 2025 we served over 163,000 meals to children in our in-store cafes, as part of our "Kids eat for £1" initiative. The campaign has continued to support families in school and term time. In November and December, we also served a Winter Warmers offer of soup, a roll and unlimited tea and coffee to over 249,000 customers over 60 visiting our 205 cafes.

In 2025, the 29th year of Asda Tickled Pink—our longstanding breast cancer fundraising and awareness campaign in support of Breast Cancer Now and CoppaFeel! —we proudly reached the significant milestone of £100 million raised since the campaign began.

This landmark year was marked by exceptional fundraising efforts across our business. Our colleagues raised more than £1 million, while clothing donations through our in-store banks generated nearly £500,000. Customer generosity at our self-checkout tills contributed £1.8 million, and our large-scale fundraising events delivered over £1 million. In addition, supplier partnerships and our dedicated own-brand product range generated a further £3 million in support of our charity partners' vital work, during breast cancer awareness month, over 15% of the participating products included breast check awareness messaging on pack.

In total, more than £9 million was raised in 2025 alone, helping to fund world-class research, education, services and support for anyone affected by a breast cancer diagnosis.

In 2025, we continued our support for Bowel Cancer UK through our own-brand Shades paper range, committing an annual donation of £50,000. In addition to this financial contribution, we have embedded awareness messaging across the range, highlighting the signs and symptoms of bowel cancer directly on pack to help inform customers and encourage early detection.

Our Responsible Sourcing and Human Rights Approach

Many millions of people around the world play a part in keeping Asda shelves stocked and we have a responsibility to ensure the dignity of every worker in our supply chain. We are committed to operating and sourcing products in a way that respects human rights.

As a responsible retailer we are committed to the principles of sourcing responsibly, respecting human rights, and promoting the dignity of all those who contribute to our business. We collaborate across industries and organisations around the world to help combat risks including but not limited to, forced and child labour, unsafe working conditions, restricted freedom of association, violence, harassment, and discrimination. Our commitment extends to all individuals impacted by the Asda Group's business activities and relationships, including colleagues, customers, suppliers, workers within our supply chains, and the communities in which we operate. Asda's Human Rights Policy outlines the steps we take to respect internationally recognised human rights and formalises our expectations across our global supply chains.

Transparency of the supply chain is key to our approach. We map and collect data on our supply chains which helps us to identify our salient labour risks. We monitor and investigate issues in the supply chain and enable colleagues within the business to understand their role in human rights and its impacts. We also engage in initiatives to find root cause solutions that can transform entire supply chains. Partnering with our suppliers and their global facilities, we work to mitigate risks, drive remediation, and improve standards for workers via our risk-based approach. We are active members of external collaborations such as the Ethical Trading Initiative (of which we are a founding member), Stronger Together, and the Food Network for Ethical Trade which continue to support their members to drive continuous improvement. Through these partnerships we engage with other retailers, NGOs, Trade Unions, and suppliers to address risks, share best practice, investigate issues where appropriate, and establish initiatives to achieve collective goals.

Monitoring Our Supply Chain

Improving labour standards is a responsibility that should be shared with all our suppliers. We expect suppliers to operate responsibly, abiding to applicable local labour and employment laws and adhering to our Standards for Suppliers. These standards are the cornerstone of our programme and lay out how we expect our suppliers to respect foundational worker rights across the globe. Our Standards for Suppliers are aligned to the ETI Base Code, an internationally recognised code of labour practice, and we will be undertaking consultation with stakeholders on a refreshed version of this document in 2026 to make sure it is relevant, progressive and fit for purpose in the ever-evolving world of Human Rights. We currently use third party social, safety, and environmental compliance audits to help us evaluate our suppliers' compliance to our standards and to manage risk in the supply chain. These audits seek to monitor whether, among other things, workers are properly paid for the work they do, labour is voluntary, working hours are not excessive and are consistent with local laws, and facilities meet health and safety laws and regulations. Whilst social audits still have a place within our programme, we recognise their limitations and the need to move beyond audit to identify root cause. We will continue to work with suppliers to help upskill and improve standards within their facilities through the provision of guidance and access to tools and resources.

In 2025 we launched our Transparency and Supply Chain Monitoring Policy which articulates how in-scope sites achieve compliance with our standards and expectations. This document represents a simplification of our approach to Responsible Sourcing and better communicates the steps needed to drive standards, protect workers and address risks within our supply chains. The Policy was launched in May 2025 following a detailed consultation process with suppliers and partners and includes new methodologies to reward suppliers who are demonstrating continuous improvement and further enhances transparency via public 'claiming' of in-scope locations by sites on Open Supply Hub, driving accountability at the local level alongside Asda.

Where an issue is identified in the supply chain, we are committed to working with suppliers and third parties to understand the root cause and provide relevant guidance and resources to support thorough investigation and remediation for impacted workers. We ask suppliers to close any non-compliances raised in a social audit within the timelines recommended by the auditor. If this is not possible, we will discuss the circumstances on a case-by-case basis and where there is both commitment and a clear action plan to resolve the outstanding issues, we may agree an extension. We encourage our suppliers to apply the same principles when working with their supply chain. Further examples of our approach to incident management can be found in our annual Modern Slavery and Human Rights Impact report, which has evolved to incorporate many case studies and report in-line with expectations under the United Nations Guiding Principles on Business and Human Rights, available on the Asda Corporate website.

Anti-corruption and Anti-bribery Matters

Asda is committed to doing business in the right way and has a zero-tolerance approach to bribery and corruption. Our anti-bribery team manage a risk-based compliance programme, covering areas such as third-party due diligence, gifts and hospitality and colleague training and awareness, all aimed at ensuring we adhere to applicable anti-bribery and anti-corruption laws and regulations.

The Strategic Report was approved by the Board of Directors on 26 March 2026 and signed on its behalf by:

Michael Gleeson

Michael Gleeson

Director

Directors' Report

The Directors present their Report and the Consolidated Financial Statements for the year ended 31 December 2025.

Statutory Disclosures

The following disclosures have been included elsewhere in this Annual Report and are incorporated into the Directors' Report by reference:

Disclosure area	Page
Directors of the Group	3
Information on Asda's potential exposure to financial risks, and financial risk management policies	58-59
Likely future developments in the business of the company	22
Detail on the company's training, career development and promotion of disabled persons	39-42
Information on the Group's communication and engagement with employees	38-44
Summary of the directors' regard for relationships with stakeholders and key principal decisions	36-45; 20-21
Information on the Group's greenhouse energy consumption, gas emissions and energy efficiency actions	63-64

Going Concern

Notwithstanding the loss after tax for the year of £716.2m (2024: loss after tax for the year of £487.2m) and net current liabilities of £2,200.3m (2024: £2,225.3m), the financial statements for the year ended 31 December 2025 have been prepared on the going concern basis as the Directors have determined that the Group has sufficient resources and liquidity facilities to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements ('the going concern period').

The Directors have reviewed the Group's corporate forecasting process which includes profitability, cashflow and liquidity forecasting and have based their projections for the going concern period on the latest FY26 plan and extrapolated forecasts for a period covering 12 months after approval of the financial statements.

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring forecasts of the Group's cash flows and maintaining a sufficient level of facilities via the Revolving Credit Facility (RCF). There are no significant maturities of the Group's long-term financing arrangements during the going concern period. The Directors continue to assess how to best manage medium-term and long-term maturities through maintaining adequate facilities or refinancing to ensure the Group maintains a long-term sustainable capital structure.

The Revolving Credit Facility remains undrawn as at 31 December 2025. No further utilisation of the RCF is forecast in the base case cash flow forecast during the going concern period. For more information on liquidity risk and maturity of financial liabilities see Note 19 Financial Instruments.

At the year end, the Group held £4,449m of debt and £1,339m of cash, resulting in net debt of £3,110m. For more information about the outstanding debt, see Note 20 Borrowings. In July 2025, £302m of 2026 senior secured notes and £500m of senior unsecured notes were repaid in full whilst €700m of new 2031 Euro Senior Secured Notes were drawn down, resulting in a net cash outflow, including interest and fees, of approximately £227m. As a result of these transactions, £3,604m of debt matures in 2030 and beyond. Nearer term maturities relate to the 2028 Term Loan A (£162m) and the 2029 Apollo Facility (£684m).

At the date of approval of the financial statements, the outstanding borrowings of the Group are as follows:

- £162m October 2028 Term Loan A
- £684m October 2029 Apollo Facility
- £1,750m May 2030 Sterling Senior Secured Notes
- €1,470m May 2031 Euro Term Loan B
- €700m July 2031 Euro Senior Secured Notes

In assessing the Group's ability to continue to adopt the going concern basis, the Directors have tested the ability of the Group to meet its liabilities as they fall due during the going concern period, in the event of various cash flow scenarios, including a severe but plausible downside scenario. This scenario applies severe but plausible economic and / or operational downsides to our base case forecast, incorporating the inherent risk in delivering our Formula for Growth strategy detailed on pages 5 – 7 of the Strategic Report and, specifically, modelling the cumulative impact of:

- i. Like-for-like sales and volume not recovering at the trajectory assumed in our base case forecast, through change in consumer preferences or a reputational incident;
- ii. Food margin initiatives not being realised as quickly as planned;
- iii. Productivity improvements taking longer to materialise and not offsetting inflationary pressure;

- iv. Certain working capital benefits assumed in the base case unwinding or not being delivered; and
- v. Certain acquisition growth assumptions not being achieved.

Mitigating actions that are in the control of management have been included in the scenario to offset the above risks, such as reducing non-essential capital expenditure and discretionary spend in areas such as marketing. The Group is subject to a maintenance covenant whereby the senior secured net leverage ratio cannot exceed 4.90:1. This covenant is required to be tested if, as at any quarter end, drawings on the RCF exceed 40% of the facility. The Directors have not been required to test compliance with this covenant during the period nor in the period in between the Balance Sheet date and the date of approval of these financial statements. In the severe but plausible downside scenario, the RCF is not drawn by 40% or more at any point. Therefore, the senior secured net leverage ratio is not required to be tested in the going concern period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current economic and geo-political environment, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

Dividends

No dividends were paid during the year (2024: £nil).

Political Donations

The Group did not make any political donations during the period (2024: £nil).

Disclosure of Information to the Auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of Auditor

The auditor KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' Liabilities

During the period, the Directors were insured against liability in respect of proceedings brought by third parties, subject to the limitations set out in the Companies Act 2006.

Events since the Balance Sheet Date

Events since the balance sheet date are disclosed within the Strategic Report on page 22.

Guidelines for Disclosure and Transparency in Private Equity Statement

The Directors consider the Annual Report and Accounts to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

This report was approved by the Board of Directors on 26 March 2026 and signed on its behalf by:

Michael Gleeson

Michael Gleeson

Director

Statement of Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework ("FRS101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant, and reliable and, in respect of the parent Company financial statements only, prudent;
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

KPMG LLP's Independent Auditor's Report

To the members of Bellis Finco PLC

1. OUR OPINION IS UNMODIFIED

In our opinion:

- the financial statements of Bellis Finco PLC give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025, and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT OUR OPINION COVERS

We have audited the Group and Parent Company financial statements of Bellis Finco PLC ("the Company") for the year ended 31 December 2025 (FY25) included in the Annual Report and the consolidated financial statements, which comprise:

Group (Bellis Finco PLC and its subsidiaries)	Parent Company (Bellis Finco PLC)
<ul style="list-style-type: none"> - Consolidated Balance Sheet as at 31 December 2025. - Consolidated Income Statement for the Year Ended 31 December 2025. - Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2025. - Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025. - Consolidated Statement of Cash Flows for the Year Ended 31 December 2025. <p>Notes 1 to 29 to the Group financial statements, including the accounting policies in note 1.</p>	<ul style="list-style-type: none"> - Company Balance Sheet as at 31 December 2025. - Company Statement of Changes in Equity for the Year Ended 31 December 2025. <p>Notes 1 to 11 to the Parent Company financial statements, including the accounting policies in note 1.</p>

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed other entities of public interest.

2. OVERVIEW OF OUR AUDIT

FACTORS DRIVING OUR VIEW OF RISKS	<p>The key audit matters identified in the current period were those matters that, in our professional judgement, indicated the most significance to our audit of the financial statements and indicated the most significant risk of material misstatements. These matters therefore had the greatest impact on our overall audit strategy and allocation of resources.</p> <p>In the current year, the group has determined that an indicator of impairment exists for the entire in-scope store portfolio. The carrying amount of each store (each determined to be a Cash Generating Unit "CGU") has been compared to the recoverable amount which is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").</p> <p>The FVLCD of the stores is estimated with the assistance of independent professional valuers. The VIU of an individual Asda store relies on a number of assumptions, most notably the rate of Grocery market growth (sales volume) and the Group's participation in this growth, gross margin performance and Selling, General and Administrative ("SG&A") cost inflation as per the Group's 5-year plan and the discount rate, which all involve a high degree of estimation uncertainty.</p> <p>Following the acquisition of Euro Garages (Jersey) Limited and Arthur Foodstores Limited in FY23, two groups of Cash Generating Units (CGUs) were identified being referred to as America and Arthur, respectively. During the current year, following the hive up of these two businesses into Asda Stores Limited, the two groups of Cash Generating Units have been consolidated into one group of CGUs being Asda Express.</p> <p>The carrying value of Asda Express group of CGUs is assessed using a fair value less costs of disposal approach which relies on a number of assumptions in respect of the impact of the transition from internal combustion engines to electric vehicles on UK roads. Key assumptions include the growth in grocery sales arising from increased dwell time of customers charging electric vehicles, the ability of the business to achieve forecast profit margins on fuel and grocery (including delivering certain margin initiatives) in an uncertain market and the discount rate. Each of these assumptions involve a high degree of estimation uncertainty.</p> <p>The carrying amount of the Parent Company's investments in subsidiaries through share capital represents 33% of the Parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on the Parent Company audit.</p>	<table border="1"> <thead> <tr> <th>Key Audit Matters</th> <th>Vs FY24</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td>Impairment of PPE and ROU Assets</td> <td style="text-align: center;">↔</td> <td style="text-align: center;">4.1</td> </tr> <tr> <td>Carrying value of goodwill in respect of Asda Express group of Cash Generating Units (CGUs)</td> <td style="text-align: center;">↔</td> <td style="text-align: center;">4.2</td> </tr> <tr> <td>Recoverability of Investments in Subsidiaries (Parent Company Only)</td> <td style="text-align: center;">↔</td> <td style="text-align: center;">4.3</td> </tr> </tbody> </table>	Key Audit Matters	Vs FY24	Item	Impairment of PPE and ROU Assets	↔	4.1	Carrying value of goodwill in respect of Asda Express group of Cash Generating Units (CGUs)	↔	4.2	Recoverability of Investments in Subsidiaries (Parent Company Only)	↔	4.3
	Key Audit Matters	Vs FY24	Item											
	Impairment of PPE and ROU Assets	↔	4.1											
	Carrying value of goodwill in respect of Asda Express group of Cash Generating Units (CGUs)	↔	4.2											
Recoverability of Investments in Subsidiaries (Parent Company Only)	↔	4.3												

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

AUDIT COMMITTEE INTERACTION	<p>During the year, the Audit Committee met 5 times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present.</p>
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MATERIALITY (ITEM 6 BELOW)	<p>The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.</p> <p>We have determined overall materiality for the Group financial statements as a whole at £40.0m (FY24: £40.0m) and for the Parent Company financial statements as a whole at £16.0m (FY24: £16.0m).</p> <p>We determined that normalised EBITDA (EBITDA adding back adjustments that do not represent the normal, continuing operations of the Group, and additionally in FY25, averaging over 3 years – see item 6 below) remains the benchmark for the Group as it is the most relevant measure for stakeholders. This is due to the ownership and financing structure of the entity, and the focus of the users of the financial statements. As such, we based our Group materiality on normalised EBITDA, of which it represents 3.14% (FY24: 3.51%).</p> <p>Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.79% (FY24 0.66%).</p>	<p style="text-align: center;">Materiality levels used in our audit</p> <table border="1"> <thead> <tr> <th>Category</th> <th>FY25 £m</th> <th>FY24 £m</th> </tr> </thead> <tbody> <tr> <td>Group</td> <td>40</td> <td>40</td> </tr> <tr> <td>GPM</td> <td>26</td> <td>26</td> </tr> <tr> <td>HCM</td> <td>33</td> <td>30</td> </tr> <tr> <td>PLC</td> <td>16</td> <td>16</td> </tr> <tr> <td>LCM</td> <td>8</td> <td>6</td> </tr> <tr> <td>AMPT</td> <td>2</td> <td>2</td> </tr> </tbody> </table> <p> ■ FY25 £m ■ FY24 £m </p> <ul style="list-style-type: none"> ■ Group Group Materiality ■ GPM Group Performance Materiality ■ HCM Highest Component Materiality ■ PLC Parent Company Materiality ■ LCM Lowest Component Materiality ■ AMPT Audit Misstatement Posting Threshold 	Category	FY25 £m	FY24 £m	Group	40	40	GPM	26	26	HCM	33	30	PLC	16	16	LCM	8	6	AMPT	2	2
Category	FY25 £m	FY24 £m																					
Group	40	40																					
GPM	26	26																					
HCM	33	30																					
PLC	16	16																					
LCM	8	6																					
AMPT	2	2																					

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

GROUP SCOPE
(ITEM 7 BELOW)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors.

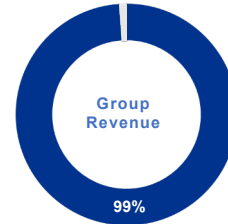
Of the 24 (FY24: 24) components we identified for the Group, we performed audit procedures on 6 (FY24: 7) components.

In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

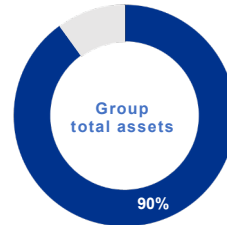
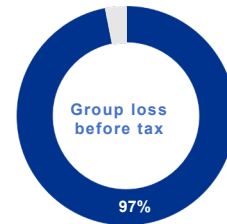
We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

Our audit procedures covered 99% of Group revenue:



We performed audit procedures in relation to components that accounted for the following percentages:



KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

3. GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

GOING CONCERN

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- The ability to deliver on the Group's strategy to restore volume growth in the business in the timeframes assumed in the Group's 5-year plan;
- The impact of inflation and the associated increase in costs of living, which may result in a reduction in customer demand; and
- The impact of a decline in sales due to the high level of competition within the retail industry.

We also considered less predictable but realistic second order impacts, such as the erosion of customer or supplier confidence, which could result in a reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

Our conclusions based on those procedures described in this report are:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- we found the going concern disclosure in note 1 to be acceptable.

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

4. KEY AUDIT MATTERS

WHAT WE MEAN

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

4.1 Impairment of PPE and ROU Assets		
Financial Statement Elements		Our assessment of risk vs FY24
	FY25	FY24
Property, Plant and Equipment	£8,076m	£9,145m
Right of use assets	£3,303m	£2,987m

↔

Risk is reduced as a result of reduced judgement associated with identification of stores subject to impairment testing. However the model remains highly complex and the impairment charge is highly material therefore we consider the overall level of risk to be similar to prior year.

Description of the Key Audit Matter	Our response to the risk
<p>Under IAS 36 'Impairment of Assets', the Group is required to complete an impairment review of its store portfolio where there are indicators of impairment charges or reversals. Judgement is required in identifying indicators of impairment charges or reversals and estimation is required in determining the recoverable amount of the Group's store portfolio.</p> <p>There is a risk that the carrying values of stores and related PPE and ROU assets may be higher than the recoverable amount.</p> <p>In the current year, the group has determined that an indicator of impairment exists for the entire in-scope store portfolio. The carrying amount of each store (each determined to be a Cash Generating Unit "CGU") has been compared to the recoverable amount, which has been measured as the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU").</p> <p>The FVLCD of the stores is estimated with the assistance of independent professional valuers. External valuations have been obtained for each store.</p> <p>The VIU of an individual Asda store relies on a number of assumptions, most notably the rate of grocery sales growth, gross margin performance and SG&A costs as per the Group's 5-year plan, which all involve a high degree of estimation uncertainty.</p> <p>The model used to determine VIU and recoverable amount is complex and there is a heightened risk over the application of methods and assumptions within the model calculations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the individual stores has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 11) disclose the sensitivity estimated by the Group.</p> <p>As a result, there is a risk which we consider to be significant that inappropriate recoverable amounts may be estimated for the CGUs.</p>	<p>We performed the detailed tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Data comparison: Comparison of the cash flows included in the value in use (VIU) models against the board approved budgets and related going concern analysis to confirm the consistency of assumptions. - Methodology implementation: Testing of the VIU and impairment charge models to assess whether they are designed appropriately and comply with the requirements of the relevant accounting standard. We involved our Data Analytics specialists to test the calculations within the models, and performed a full recalculation. - Historical comparison: We performed a retrospective review, comparing historical budgets to actual performance to assess historical forecasting accuracy; - Benchmarking assumptions: Using our own economic specialists, we evaluated key assumptions such as projected economic growth, customer spending behaviours and cost inflation and market inputs used in deriving the discount rate, against externally derived publicly available data. We assessed the reasonableness of growth initiatives and margin-improvement plans underlying the 5-year plan and assessed the appropriateness of the application of global assumptions across the portfolio; - Historical performance: We performed a review of historical achievement of results for Asda and its major competitors to assess the achievability of the board approved 5 year plan; - Valuation expertise: Using our own valuation specialists, we assessed the appropriateness of the methodology adopted and assumptions used to determine the fair value of the CGUs and evaluated the competence, capability and objectivity of the independent valuers; - Sensitivity analysis: Performing analysis of changes in the key assumptions to understand the sensitivity of the VIU model to changes in these key assumptions. - Assessing transparency: Assessing the Group's disclosures in relation to the sensitivities applied to the impairment assessment, including changes in the key assumptions related to the risk around the valuation of the PPE and ROU assets.

Further information in the Annual Report and Accounts: See page 116 for the accounting policy on the Impairment of Property, Plant and Equipment and Right of Use Assets, and page 143-145/note 11 for the financial disclosures.

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

4.2 Carrying value of goodwill in respect of identified Asda Express group of Cash Generating Units (CGUs)		
Financial Statement Elements		Our assessment of risk vs FY24
	FY25	FY24
Goodwill	£1,080m	£1,080m
		↔
		<i>Our assessment is that the risk is similar to FY24 given the continued uncertainty over future cash flow projections and judgemental assumptions linked to the transition to electric vehicles in the UK market.</i>

Description of the Key Audit Matter	Our response to the risk
<p>Forecast-based assessment</p> <p>There is a risk that the business may not meet expected growth projections in order to support the carrying value of goodwill held relating to Asda Express group of cash generating units ("CGU'S). In the current year the business has continued to trade below expectations compared to the prior year cashflow assumptions.</p> <p>Goodwill is significant and at risk of impairment due to uncertainty in the future business model given the transition from internal combustion engine cars to electric vehicles in line with the government's Zero Emission Vehicle mandate which aims for 80% of new car sales in Great Britain to be zero emission by 2030, increasing to 100% by 2035.</p> <p>The directors consider the recoverability of the group of CGUs based on their estimated fair value less costs of disposal using discounted cash flow projections. These cash flow projections had underlying assumptions of varying sensitivities including in respect of growth in grocery and food service sales from increased dwell time whilst consumers charge vehicles, achievability of assumed fuel and grocery margins (including delivering certain market initiatives), terminal growth rate and discount rate.</p> <p>The fair value less costs of disposal is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows particularly given the inherent uncertainty in forecasting behavioural changes in consumers as the electric vehicle market evolves.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the fair value of Asda Express group of CGUs has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p>	<p>We performed the detailed tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Historical comparisons: Compare the previous forecasts for the identified group of CGUs against the actual outcomes to assess the historical reliability of the Group's forecasting; - Methodology implementation: we tested the Group's discounted cashflow models to assess whether they are designed appropriately and comply with the requirements of the relevant accounting standard; - Benchmarking assumptions: Compare the group of CGU's trading forecasts against current trading performance and anticipated changes in the business model, comparing assumptions in respect of the increase in grocery sales due to increased dwell time to the limited available studies and our own internal economic outlook analysis, including comparing forecast profit margins for fuel, investigating any significant deviations in order to challenge assumptions included in the forecasts; - Data comparison: Compare the cash flows included in the fair value less costs of disposal ("FVLCD") models against the board approved budgets and related going concern forecasts to confirm the consistency of assumptions. This includes consideration of central cost allocation methodology given the hive up of the business into Asda central teams in the year. - Sensitivity analysis: Perform sensitivity analysis on individual key assumptions and in combined scenarios over growth in grocery and food service sales from increased dwell time whilst consumers charge vehicles, achievability of both fuel and grocery assumed margins (including certain margin initiatives), terminal growth rate and discount rate in order to assess the level of sensitivity of the fair value to these assumptions; - Our sector experience: Assess and challenge the discount rate by obtaining the inputs used in the discount rate calculations, benchmarking against our own expectations, consulting with our Corporate Finance team and comparing the overall rate to an expected range based on our own benchmarks; - Comparing valuations: Compare the fair value less costs of disposal using a discounted cash flow method to a multiples-based valuation approach, to assess the reasonableness of those cashflows and the reasonableness of the carrying value of those CGUs; - Assessing management bias: we evaluated whether judgements and decisions made by the Directors when allocating goodwill contain indicators of possible management bias, when viewed against other judgements made in this area; - Assessing transparency: Consider the adequacy of the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions

Further information in the Annual Report and Accounts: See page 112 for the accounting policy on the Carrying value of goodwill in respect of identified Asda Express group of Cash Generating Units and page 151-154/note 14 for the financial disclosures.

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

We continue to perform procedures over store inventory and the accuracy of the inventory loss estimate. However, following the change in valuation method from the retail inventory method to a moving average price, and the transition to new stock management systems in the year which enables SKU-level valuation and quantity identification, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

4.3 Recoverability of Investments in subsidiaries (Parent Company Only)		
Financial Statement Elements		Our assessment of risk vs FY24
	FY25	FY24
Investments in subsidiaries	£665m	£665m
↔		Our assessment is that the risk is similar to FY24. Given their materiality in the context of the Parent Company financial statements, the recoverability of the Parent Company investments is considered to be the area that had the greatest effect on our overall Parent Company audit.
Description of the Key Audit Matter		Our response to the risk
<p>Low risk, high value</p> <p>The carrying amount of the Parent Company's investments in subsidiaries through share capital represent 33% of the Parent Company's total assets.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on the Parent Company audit.</p>		<p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Test of details: Comparing the carrying amount of 100% investments in subsidiaries with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of the minimum recoverable amount, were in excess of their carrying amount, and assess whether those subsidiaries have historically been profit-making; and - Assessing transparency: Assessing the adequacy of the Parent Company's disclosures in respect of the investment in subsidiaries.

Further information in the Annual Report and Accounts: See page 199 for the accounting policy on the Recoverability of Parent Company's Investment in Subsidiaries (Parent Company), and pages 201-202 for the financial disclosures.

5. OUR ABILITY TO DETECT IRREGULARITIES, AND OUR RESPONSE

FRAUD - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD	
FRAUD RISK ASSESSMENT	<p>To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:</p> <ul style="list-style-type: none"> • Enquiring of Directors, management, Internal Audit, Group Legal & Compliance, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud. • Reading Board, Audit Committee, and the Compliance, Ethics, Risk and Audit committee minutes. • Considering remuneration incentive schemes and performance targets for management, Directors and sales staff. • Using analytical procedures to identify any unusual or unexpected relationships. <p>Throughout the engagement we remained alert for any indication of potential fraud risks. This included holding regular meetings with management across the business to understand the susceptibility to fraud, considering performance targets and any ability for management to influence the results to meet these targets. We also considered relevant controls that the Group has in place which would assist in detecting and preventing fraud across the business.</p>
RISK COMMUNICATIONS	<p>We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.</p>

KPMG LLP’s Independent Auditor’s Report



To the members of Bellis Finco PLC

<p>FRAUD RISKS</p>	<p>As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the transactions are high in volume, low in value, cash-based and highly automated. We therefore concluded that the opportunity for management to achieve material fraudulent revenue recognition on a transactional basis is limited.</p> <p>We identified a fraud risk in relation to the estimation uncertainty that is inherent in the calculation of the expected year-end inventory loss estimate.</p>
<p>PROCEDURES TO ADDRESS FRAUD RISKS</p>	<p>Based on the above we designed our audit procedures to identify any instances of fraud or management override of controls. Our procedures involved journal entry testing over the full population of journals throughout the year, with a focus on any journals which impact the fraud risk factors identified.</p> <p>We also performed additional procedures over the related party confirmations, transactions and disclosures to confirm there were no instances of fraud identified.</p> <p>We performed procedures including:</p> <ul style="list-style-type: none"> Identifying journal entries and other adjustments to test at the Group level and for selected components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users who do not typically post journals as a part of their job role, finance management, key words, those posted to unusual or unexpected account combinations (unusual double entries on certain accounts), unexpected postings that increase EBITDA and post-closing journals increasing EBITDA. Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

<p>LAWS AND REGULATIONS - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS</p>	
<p>LAWS AND REGULATIONS RISK ASSESSMENT</p>	<p>We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors, management, Internal Audit and the Group legal team (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the Group legal team the policies and procedures regarding compliance with laws and regulations.</p> <p>As a subsidiary within the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.</p>
<p>RISK COMMUNICATIONS</p>	<p>We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.</p>
<p>DIRECT LAWS CONTEXT AND LINK TO AUDIT</p>	<p>The potential effect of these laws and regulations on the financial statements varies considerably.</p> <p>Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.</p>
<p>MOST SIGNIFICANT INDIRECT LAW/REGULATION AREAS</p>	<p>Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: groceries supply code of practice (GSCOP), health and safety, data protection laws, anti-bribery, employment law, food and drug administration, misrepresentation act, and certain aspects of company legislation recognising the financial nature of the Group’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors, and other management, and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.</p>
<p>KNOWN ACTUAL OR SUSPECTED MATTERS/LEGISLATION OF PARTICULAR RELEVANCE</p>	<p>For the Equal Value Claim matter discussed in note 27 of the consolidated financial statements we assessed disclosures against our understanding from legal correspondence, review of the Walmart indemnification agreement and meetings held with management, involving our legal specialists.</p> <p>We discussed with the audit committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.</p>
<p>CONTEXT</p>	

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

<p>CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION</p>	<p>Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.</p>
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6. OUR DETERMINATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

<p>£40.0M (FY24: £40.0M)</p> <p>MATERIALITY FOR THE GROUP FINANCIAL STATEMENTS AS A WHOLE</p>	<p>What we mean</p> <p>A quantitative reference for the purpose of planning and performing our audit.</p> <hr/> <p>Basis for determining materiality and judgements applied</p> <p>Materiality for the Group financial statements as a whole was set at £40.0m (FY24: £40.0m). This was determined with reference to a benchmark of normalised EBITDA.</p> <p>We determined that normalised EBITDA is the main benchmark for the Group given the ownership and financing structure of the entity, and the focus of the users of the financial statements.</p> <p>We normalised EBITDA by adding back adjustments that do not represent the normal, continuing operations of the Group and additionally in FY25 by averaging over 3 years.</p> <p>For FY25, the items we adjusted for over the 3 years were separation costs related to the IT transformation project costs and restructuring costs both of which are disclosed in note 4, as we consider these to be non-recurring. In the prior year audit, we further adjusted for a proxy rental charge for leased assets and ground rent and items relating to the Asda Express (Jersey) Ltd and Arthur Foodstores Ltd acquisition and integration as described on pages 23-24).</p> <p>For FY25, we averaged adjusted EBITDA over 3 years to account for the fluctuations in the Group's performance due to the ongoing turnaround strategy and investment in rollback prices in FY25. As such, we based our Group materiality on normalised EBITDA of £1,275m (FY24: £1,141m).</p> <p>Our Group materiality of £40.0m was determined by applying a percentage to Group normalised EBITDA. When using a benchmark of normalised EBITDA to determine overall materiality, KPMG's approach for public interest entities considers a guideline range 2%-4% of the measure. In setting overall Group materiality, we applied a percentage of 3.14% (FY24: 3.51%) to the benchmark.</p> <p>Materiality for the Parent Company financial statements as a whole was set at £16.0m (FY24: £16.0m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.79% (FY24: 0.66%).</p>
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<p>£26.0M (FY24: £26.0M)</p> <p>PERFORMANCE MATERIALITY</p>	<p>What we mean</p> <p>Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.</p> <hr/> <p>Basis for determining performance materiality and judgements applied</p> <p>We have considered performance materiality at a level of 65% (FY24: 65%) of materiality for Bellis Finco PLC Group financial statements as a whole to be appropriate.</p> <p>The Parent Company performance materiality was set at £10.4m (FY24: £10.4m), which equates to 65% (FY24: 65%) of materiality for the Parent Company financial statements as a whole.</p> <p>We applied this percentage in our determination of performance materiality based on the level of identified misstatements control deficiencies during the prior period.</p>
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KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

<p>£2.0M (FY24: £2.0M) AUDIT MISSTATEMENT POSTING THRESHOLD</p>	<p>What we mean</p> <p>This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.</p> <p>This is also the amount above which all misstatements identified are communicated to Bellis Finco plc's Audit Committee.</p>
	<p>Basis for determining the audit misstatement posting threshold and judgements applied</p> <p>We set our audit misstatement posting threshold at 5% (FY24: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.</p>

The overall materiality for the Group financial statements of £40.0m (FY24: £40.0m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Group loss before tax		Total Group Assets	
	FY25	FY24	FY25	FY24	FY25	FY24
Financial statement Caption	£25,878m	£26,847m	£(989)m	£(599)m	£18,336m	£18,446m
Group Materiality as % of caption	0.15%	0.1%	4.0%	6.7%	0.22%	0.22%

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To the members of Bellis Finco PLC

7. THE SCOPE OF OUR AUDIT

GROUP SCOPE	What we mean													
	How the Group auditor determined the procedures to be performed across the Group.													
	We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.													
	In total, we identified 24 (FY24: 24) components, having considered our evaluation of the Group's legal structure, the existence of common information systems and our ability to perform audit procedures centrally.													
	Of those, we identified 3 (FY24: 4) quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.													
	Additionally, having considered qualitative and quantitative factors, we selected 3 (FY24: 3) additional components with accounts contributing to the specific RMMs of the Group financial statements.													
	The below summarises where we performed audit procedures:													
	<table border="1"> <thead> <tr> <th>Component Type</th> <th>Number of components where we performed audit procedures</th> <th>Range of materiality applied</th> </tr> </thead> <tbody> <tr> <td>Quantitatively significant components</td> <td>3</td> <td>£16m - £33m</td> </tr> <tr> <td>Other components where we performed procedures</td> <td>3</td> <td>£8m - £32m</td> </tr> <tr> <td>Total</td> <td>6</td> <td></td> </tr> </tbody> </table>		Component Type	Number of components where we performed audit procedures	Range of materiality applied	Quantitatively significant components	3	£16m - £33m	Other components where we performed procedures	3	£8m - £32m	Total	6	
	Component Type	Number of components where we performed audit procedures	Range of materiality applied											
	Quantitatively significant components	3	£16m - £33m											
Other components where we performed procedures	3	£8m - £32m												
Total	6													
The Group audit team undertook the work on all components including the audit of the Parent Company. We also performed audit procedures on the items excluded from the normalised Group EBITDA used as the benchmark for our materiality. We set the component materialities having regard to the mix of size and risk profile of the Group across the components.														
Our audit procedures covered 99% (FY24: 99%) of Group revenue. We performed audit procedures in relation to components that accounted for 97% (FY24: 84%) of Group loss before tax and 90% (FY24: 89%) of Group total assets.														

For the remaining components for which we performed no audit procedures, no component represented more than 5% (FY24: 5%) of Group loss before tax or 3% (FY24: 7%) of Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

8. OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

ALL OTHER INFORMATION	
<p>Our responsibility</p> <p>Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.</p>	<p>Our reporting</p> <p>Based solely on that work we have not identified material misstatements or inconsistencies in the other information.</p>
STRATEGIC REPORT AND DIRECTORS' REPORT	
<p>Our responsibility and reporting</p> <p>Based solely on our work on the other information described above we report to you as follows:</p> <ul style="list-style-type: none"> ▪ we have not identified material misstatements in the strategic report and the directors' report; ▪ in our opinion the information given in those reports for the financial year is consistent with the financial statements; and ▪ in our opinion those reports have been prepared in accordance with the Companies Act 2006. 	
OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION	
<p>Our responsibility</p> <p>Under the Companies Act 2006, we are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or ▪ certain disclosures of directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit. 	<p>Our reporting</p> <p>We have nothing to report in these respects.</p>

KPMG LLP's Independent Auditor's Report



To the members of Bellis Finco PLC

9. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page [X], the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads 'Frances Simpson'.

Frances Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP, 1 Sovereign Square, Leeds, LS1 4DA

26th March 2026

Consolidated Income Statement for the Year Ended 31 December 2025

	Note	Pre non- underlying items £m	Non-underlying items £m	Post non- underlying items £m
Year ended 31 December 2025				
Revenue	2	25,878.0	-	25,878.0
Other income	3	97.0	-	97.0
Operating costs	4	(25,670.9)	(655.5)	(26,326.4)
Operating profit/(loss)		304.1	(655.5)	(351.4)
Finance income	8	91.3	-	91.3
Finance costs	8	(728.9)	-	(728.9)
Loss before tax		(333.5)	(655.5)	(989.0)
Income tax credit	4, 10	150.0	122.8	272.8
Loss for the year		(183.5)	(532.7)	(716.2)

	Note	Pre non- underlying items £m	Non-underlying items £m	Post non- underlying items £m
Year ended 31 December 2024				
Revenue	2	26,846.6	-	26,846.6
Other income	3	80.1	-	80.1
Operating costs	4	(26,255.9)	(714.4)	(26,970.3)
Operating profit/(loss)		670.8	(714.4)	(43.6)
Finance income	8	55.9	-	55.9
Finance costs	8	(611.3)	-	(611.3)
Profit/(loss) before tax		115.4	(714.4)	(599.0)
Income tax (expense)/credit	4, 10	(22.6)	134.4	111.8
Profit/(loss) for the year		92.8	(580.0)	(487.2)

The above results were derived from continuing operations. Further detail of amounts presented as non-underlying items is provided in note 1 and 4.

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2025

	Note	Year Ended 31 December 2025 £ m	Year Ended 31 December 2024 £ m
Loss for the year		<u>(716.2)</u>	<u>(487.2)</u>
Items that will not be reclassified to profit or loss in subsequent years			
Total remeasurement of defined benefit obligation	21	0.3	0.9
Tax on items recognised in other comprehensive income	10	<u>(0.1)</u>	<u>(0.3)</u>
		<u>0.2</u>	<u>0.6</u>
Items to be reclassified subsequently to profit or loss in subsequent years			
<i>Forward contracts:</i>			
Reclassification during the year to Income Statement		(9.3)	11.1
Net (loss)/gain during the year on not-yet-matured contracts		(31.0)	23.6
Tax on cash flow hedges recognised directly in other comprehensive income	10	10.1	(8.7)
<i>Cross-currency hedge:</i>			
Reclassification during the year to Income Statement		(48.4)	56.1
Net gain/(loss) during the year on cross-currency swaps		35.4	(58.7)
Currency basis movements on cost of hedging reserve		1.2	(3.0)
Time-value movements on cost of hedging reserve		(0.4)	(0.2)
Tax on cross-currency swaps	10	3.0	1.5
<i>Interest rate swaps:</i>			
Net (loss)/gain during the year on interest rate swaps		(0.7)	7.1
Reclassification during the year to income statement		2.1	(2.0)
Time value movements on cost of hedging reserve		-	(0.2)
Tax on interest rate swaps	10	<u>(0.4)</u>	<u>(1.3)</u>
		<u>(38.4)</u>	<u>25.3</u>
Other comprehensive (expense)/income for the year		<u>(38.2)</u>	<u>25.9</u>
Total comprehensive expense for the year		<u>(754.4)</u>	<u>(461.3)</u>

Consolidated Balance Sheet as at 31 December 2025

	Note	Year Ended 31 December 2025 £ m	Year Ended 31 December 2024 £ m
Registration number: 12855336			
Assets			
Non-current assets			
Property, plant and equipment	11	8,076.1	9,144.6
Right-of-use assets	12	3,303.1	2,987.4
Investment properties	11	39.1	39.1
Intangible assets	14	2,790.3	2,807.8
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	16, 19	865.7	799.9
Other financial assets	20, 19	6.5	8.9
Derivative assets	16, 19	29.1	8.7
Finance lease receivable	12	113.4	127.2
		<u>15,223.3</u>	<u>15,923.6</u>
Current assets			
Inventories	15	1,383.6	1,325.9
Trade, other receivables and derivative assets	16	331.7	329.7
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent	16, 19	10.8	10.4
Finance lease receivables	12	5.7	6.1
Income tax asset		21.2	1.9
Cash and cash equivalents	17, 19	1,339.0	823.5
		<u>3,092.0</u>	<u>2,497.5</u>
Assets held for sale	13	21.1	24.5
Total assets		<u><u>18,336.4</u></u>	<u><u>18,445.6</u></u>
Equity and liabilities			
Equity			
Share capital	23	0.1	0.1
Share premium	23	1,280.0	1,280.0
Cash flow hedge reserve	24	(26.7)	13.8
Cost of hedging reserve		(0.5)	(2.6)
Retained earnings	24	1,459.5	2,173.8
Equity attributable to owners of the Company		<u>2,712.4</u>	<u>3,465.1</u>
Non-current liabilities			
Deferred tax liabilities	10	741.6	1,012.9
Shareholder loan	18, 19	510.7	457.2
Lease liabilities	19	4,038.0	3,640.5
Borrowings	20, 19	4,785.6	4,897.0
Pension liability	21	6.5	8.0
Provisions	22	213.7	161.9
Derivative liabilities	18, 19	14.5	55.7
		<u>10,310.6</u>	<u>10,233.2</u>
Current liabilities			
Trade, other payables and derivative liabilities	18	5,116.5	4,533.9
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent	18, 19	5.9	14.0
Lease liabilities	19	145.3	152.3
Provisions	22	42.3	39.7
Borrowings	20, 19	3.4	7.4
		<u>5,313.4</u>	<u>4,747.3</u>
Total liabilities		<u><u>15,624.0</u></u>	<u><u>14,980.5</u></u>
Total equity and liabilities		<u><u>18,336.4</u></u>	<u><u>18,445.6</u></u>

Approved by the Board on 26 March 2026 and signed on its behalf by:

M Gleeson
Director*Michael Gleeson*

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025

Year ended 31 December 2024

	Note	Share capital £ m	Share premium £ m	Cash flow hedging reserve £ m	Cost of hedging reserve £ m	Retained earnings £ m	Total equity £ m
At 1 January 2024		<u>0.1</u>	<u>1,280.0</u>	<u>(13.9)</u>	<u>(0.2)</u>	<u>2,658.8</u>	<u>3,924.8</u>
Loss for the year		-	-	-	-	(487.2)	(487.2)
<i>Defined benefit pension scheme:</i>							
Total remeasurement on defined benefit obligation	21	-	-	-	-	0.9	0.9
Tax on items recognised directly in other comprehensive income	10	-	-	-	-	(0.3)	(0.3)
<i>Forward contracts:</i>							
Cash flow hedges - reclassified during year to Income Statement		-	-	11.1	-	-	11.1
Cash flow hedges - net gain during year on not-yet matured contracts		-	-	23.6	-	-	23.6
Tax on cash flow hedges recognised directly in other comprehensive income	10	-	-	(8.7)	-	-	(8.7)
<i>Cross-currency interest rate swaps:</i>							
Reclassification during the year to Income Statement		-	-	55.1	1.0	-	56.1
Net loss during the year on cross-currency interest rate swaps		-	-	(58.7)	-	-	(58.7)
Currency basis movements on cost of hedging reserve		-	-	-	(3.0)	-	(3.0)
Time-value movements on cost of hedging reserve		-	-	-	(0.2)	-	(0.2)
Tax on cross-currency interest rate swaps	10	-	-	1.5	-	-	1.5
<i>Interest rate swaps:</i>							
Reclassification during the year to income statement		-	-	(2.0)	-	-	(2.0)
Net gain during the year on interest rate swaps		-	-	7.1	-	-	7.1
Time-value movements on cost of hedging reserve		-	-	-	(0.2)	-	(0.2)
Tax on interest rate swaps	10	-	-	(1.3)	-	-	(1.3)
Total comprehensive income/(expense)		-	-	27.7	(2.4)	(486.6)	(461.3)
Change in fair value of share-based payments		-	-	-	-	1.6	1.6
At 31 December 2024		<u>0.1</u>	<u>1,280.0</u>	<u>13.8</u>	<u>(2.6)</u>	<u>2,173.8</u>	<u>3,465.1</u>

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025 (continued)

Year ended 31 December 2025

		Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Retained earnings £m	Total equity £m
At 1 January 2025		0.1	1,280.0	13.8	(2.6)	2,173.8	3,465.1
Loss for the year	24	-	-	-	-	(716.2)	(716.2)
<i>Defined benefit pension scheme:</i>							
Total remeasurements on defined benefit obligation	21	-	-	-	-	0.3	0.3
Tax on items recognised directly in other comprehensive income	10	-	-	-	-	(0.1)	(0.1)
<i>Forward contracts:</i>							
Cash flow hedges - reclassified during the year to Income Statement		-	-	(9.3)	-	-	(9.3)
Cash flow hedges - net loss during year on not-yet-matured contracts		-	-	(31.0)	-	-	(31.0)
Tax on cash flow hedges recognised directly in other comprehensive income	10	-	-	10.1	-	-	10.1
<i>Cross-currency interest rate swaps:</i>							
Reclassification during the year to Income Statement		-	-	(49.7)	1.3	-	(48.4)
Net gain during the year on cross-currency interest rate swaps		-	-	35.4	-	-	35.4
Currency basis movements on cost of hedging reserve		-	-	-	1.2	-	1.2
Time-value movements on cost of hedging reserve		-	-	-	(0.4)	-	(0.4)
Tax on cross-currency interest rate swaps	10	-	-	3.0	-	-	3.0
<i>Interest rate swaps:</i>							
Reclassification during the year to income statement		-	-	2.1	-	-	2.1
Net loss during the year on interest rate swaps		-	-	(0.7)	-	-	(0.7)
Tax on interest rate swaps	10	-	-	(0.4)	-	-	(0.4)
Total comprehensive (expense)/income		-	-	(40.5)	2.1	(716.0)	(754.4)
Change in fair value of share-based payments	21	-	-	-	-	1.7	1.7
At 31 December 2025		<u>0.1</u>	<u>1,280.0</u>	<u>(26.7)</u>	<u>(0.5)</u>	<u>1,459.5</u>	<u>2,712.4</u>

Consolidated Statement of Cash Flows for the Year Ended 31 December 2025

	Note	Year ended 31 December 2025 (£ m)	Year ended 31 December 2024 (£ m)
Loss before tax for the year		(989.0)	(599.0)
Depreciation of property, plant and equipment	4	444.6	505.5
Depreciation of right-of-use assets	4	229.3	229.0
Amortisation of intangible assets	4	83.4	48.6
Impairment charge of property, plant and equipment	4	303.2	372.7
Impairment charge/(reversal) of right-of-use assets	4	38.4	(2.1)
Impairment of assets held for sale	4	2.3	3.7
Impairment on goodwill reclassified to assets held for sale	4	0.3	3.3
Finance income	8	(91.3)	(55.9)
Finance costs	8	728.9	611.3
Loss on disposal of assets held for sale		-	24.9
Loss on sale of property, plant and equipment	4	2.9	0.5
Gain on disposal of right-of-use assets	4	(1.3)	(1.8)
Gain on sale-and-leaseback	4, 9	(3.3)	-
Loss on disposal of subsidiary	4	15.2	-
Pension contributions	21	(1.6)	(0.1)
Increase in trade and other receivables		(18.7)	(20.6)
(Increase)/decrease in inventories		(57.7)	8.4
Increase/(decrease) in trade and other payables		542.5	(109.0)
Increase/(decrease) in provisions		7.1	(6.3)
Tax paid		-	(22.0)
Net cash flow from operating activities		<u>1,235.2</u>	<u>991.1</u>
Principal and interest on finance leases as lessor		10.6	11.2
Proceeds from sale of property, plant and equipment		6.4	19.5
Proceeds from sale of assets held for sale		-	18.1
Purchase of property, plant and equipment		(200.1)	(281.3)
Purchase of intangible assets		(92.8)	(98.4)
Buy-in loan repayment		-	12.5
Deferred consideration paid to Walmart		(0.6)	(12.5)
External interest received	8	18.7	20.6
Increase in amounts due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent		(0.4)	(1.0)
Proceeds from sale-and-leaseback	9	<u>66.8</u>	<u>-</u>
Net cash flows from investing activities		<u>(191.4)</u>	<u>(311.3)</u>
Proceeds from draw down of external debt (net of fees)		586.9	2,971.6
Repayment of external debt		(809.5)	(3,172.2)
Revolving credit facility fees paid		(8.8)	(13.9)
External interest paid		(374.4)	(301.5)
(Decrease)/increase in amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent		(6.1)	2.0
Interest payments relating to leases		(233.4)	(217.0)
Capital payments relating to leases		(164.7)	(153.0)
Proceeds from sale-and-leaseback	9	<u>481.7</u>	<u>-</u>
Net cash flows from financing activities		<u>(528.3)</u>	<u>(884.0)</u>
Net increase/(decrease) in cash and cash equivalents		515.5	(204.2)
Cash and cash equivalents at beginning of the year		<u>823.5</u>	<u>1,027.7</u>
Cash and cash equivalents at end of the year	17	<u><u>1,339.0</u></u>	<u><u>823.5</u></u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025

1 Accounting policies

General information

The Company is a private company limited by share capital, incorporated and domiciled in England under the Companies Act 2006 (registration number 12855336).

The address of its registered office is:

ASDA House
Great Wilson Street
Leeds
LS11 5AD
UK

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as "the Group").

These financial statements were authorised for issue by the Board on 26 March 2026.

Statement of compliance

The Group financial statements have been prepared and approved by directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group financial statements are presented in Sterling and all values are rounded to the nearest hundreds of thousands of pounds (£0.1m) except where otherwise stated.

As described in the Strategic Report, the main activities of the Group are the retailing of food, food service, clothing, general merchandise products, fuel and services throughout the United Kingdom and online.

The key risks and opportunities arising from climate change are detailed in the Non-financial and Sustainability Information Statement in the Strategic Report. These have been informed by the Group's risk identification process, as described in the Principal Risks and Uncertainties section. The risk assessment indicates that the potential exposure to climate risks in the near-term is low, with lower to moderate potential risks in the medium term. Management will continue to monitor climate-related risks, and any potential impact on the financial position of the Group, as they evolve in future periods, through its risk management processes. Further detail is provided in Note 14 of how the expected transition to alternative fuel vehicles is expected to impact on the Group's future cashflows, and how this has been taken into account in the impairment tests performed in relation to the Group's long-lived assets.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Going concern

Notwithstanding the loss after tax for the year of £716.2m (2024: loss after tax for the year of £487.2m) and net current liabilities of £2,200.3m (2024: £2,225.3m), the financial statements for the year ended 31 December 2025 have been prepared on the going concern basis as the Directors have determined that the Group has sufficient resources and liquidity facilities to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements ('the going concern period').

The Directors have reviewed the Group's corporate forecasting process which includes profitability, cashflow and liquidity forecasting and have based their projections for the going concern period on the latest FY26 plan and extrapolated forecasts for a period covering 12 months after approval of the financial statements.

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring forecasts of the Group's cash flows and maintaining a sufficient level of facilities via the Revolving Credit Facility (RCF). There are no significant maturities of the Group's long-term financing arrangements during the going concern period. The Directors continue to assess how to best manage medium-term and long-term maturities through maintaining adequate facilities or refinancing to ensure the Group maintains a long-term sustainable capital structure.

The Revolving Credit Facility remains undrawn as at 31 December 2025. No further utilisation of the RCF is forecast in the base case cash flow forecast during the going concern period. For more information on liquidity risk and maturity of financial liabilities see Note 19 Financial Instruments.

At the year end, the Group held £4,449m of debt and £1,339m of cash, resulting in net debt of £3,110m. For more information about the outstanding debt, see Note 20 Borrowings. In July 2025, £302m of 2026 senior secured notes and £500m of senior unsecured notes were repaid in full whilst €700m of new 2031 Euro Senior Secured Notes were drawn down, resulting in a net cash outflow, including interest and fees, of approximately £227m. As a result of these transactions, £3,604m of debt matures in 2030 and beyond. Nearer term maturities relate to the 2028 Term Loan A (£162m) and the 2029 Apollo Facility (£684m).

At the date of approval of the financial statements, the outstanding borrowings of the Group are as follows:

- £162m October 2028 Term Loan A
- £684m October 2029 Apollo Facility
- £1,750m May 2030 Sterling Senior Secured Notes
- £1,470m May 2031 Euro Term Loan B
- €700m July 2031 Euro Senior Secured Notes

In assessing the Group's ability to continue to adopt the going concern basis, the Directors have tested the ability of the Group to meet its liabilities as they fall due during the going concern period, in the event of various cash flow scenarios, including a severe but plausible downside scenario. This scenario applies severe but plausible economic and / or operational downsides to our base case forecast, incorporating the inherent risk in delivering our Formula for Growth strategy detailed on pages 5 – 7 of the Strategic Report and, specifically, modelling the cumulative impact of:

- i. Like-for-like sales and volume not recovering at the trajectory assumed in our base case forecast, through change in consumer preferences or a reputational incident;
- ii. Food margin initiatives not being realised as quickly as planned;
- iii. Productivity improvements taking longer to materialise and not offsetting inflationary pressure;
- iv. Certain working capital benefits assumed in the base case unwinding or not being delivered; and
- v. Certain acquisition growth assumptions not being achieved.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Mitigating actions that are in the control of management have been included in the scenario to offset the above risks, such as reducing non-essential capital expenditure and discretionary spend in areas such as marketing. The Group is subject to a maintenance covenant whereby the senior secured net leverage ratio cannot exceed 4.90:1. This covenant is required to be tested if, as at any quarter end, drawings on the RCF exceed 40% of the facility. The Directors have not been required to test compliance with this covenant during the period nor in the period in between the Balance Sheet date and the date of approval of these financial statements. In the severe but plausible downside scenario, the RCF is not drawn by 40% or more at any point. Therefore, the senior secured net leverage ratio is not required to be tested in the going concern period.

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current economic and geo-political environment, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2025 have had a material impact on the financial statements.

New standards, interpretations and amendments not yet effective

Amendments to IFRS 9 - Financial Instruments

The Directors note the issuance in May 2024 by the IASB of amendments to IFRS 9 in relation to the date on which financial assets and financial liabilities are derecognised, which is effective for financial years beginning on 1 January 2026. In particular, the Directors note that this guidance could lead to material impacts in relation to the timing of derecognition of trade and other payables which are settled by electronic payments approved prior to the Balance Sheet date but for which physical transfer of cash to third parties occurs after the Balance Sheet date. This could lead to an increase in cash and cash equivalents and a corresponding increase in trade and other payables, with the quantum of the impact being dependent on the intra-week timing of the Balance Sheet date and how this compares to the timing of management approval and settlement of supplier payments.

At 31 December 2025, electronic payments to suppliers of the Group which were approved prior to or on the Balance Sheet date and were settled on the first and second working day after the Balance Sheet date totalled £116.4m (2024: £168.9m). As such, the amendment to IFRS 9 would have resulted in an increase in Cash and cash equivalents of £116.4m (2024: increase of £168.9m), and an increase in Trade and other payables of £116.4m (2024: increase of £168.9m) compared to the amounts reported in the Consolidated Balance Sheet.

IFRS 18 - Presentation and Disclosure in Financial Statements

The Directors are considering the impact of IFRS 18 on the presentation of the Group's financial statements from the effective date of 1 January 2027.

There are no other issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, that will or may have a material impact on the Group financial statements in the future.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Judgements, estimates and assumptions

Management are required to make judgements, estimates and assumptions that affect the application of policies and reported assets and liabilities, income and expenses. Judgements, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements and critical accounting estimates

Significant judgements

IFRS 16 discount rate

IFRS 16 requires that lease liabilities are discounted at the interest rate implicit in a lease, or where this isn't available, the Group's incremental borrowing rate. The majority of the Group's leases do not include an interest rate implicit in the lease, and therefore the incremental borrowing rate is utilised to calculate these lease liabilities.

The incremental borrowing rate is considered a key judgement and under IFRS 16 reflects the rate of interest a lessee would incur to borrow over a similar term, with similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment.

We consider the following factors in determining the incremental borrowing rate:

- The risk free rate of return in the UK market; and,
- The credit risk spread which reflects the additional risks associated with lending specifically to the Group, taking into account factors such as our credit rating, the term of the lease, and the geographic location.

The risk free rate is observable in the market and is the base of our calculation. However, there is significant judgement in determining the additional credit risk spread specific to the Group on the basis that there is limited market observable data on which to make this judgement, particularly for lease terms in excess of 10 years. As a result we utilise rates from other geographical regions (e.g. US) for companies with a similar credit rating where there is more market observable data on which to base our judgement. The geographical locations utilised, alongside the specific data selected for inclusion are considered a key judgement.

Due to the extent of the Group's lease portfolio, small changes in discount rate can significantly impact the accounting recognition and could result in a material difference to the right-of-use asset, lease liability, and associated depreciation and interest charge recognised in the Consolidated Income Statement. Further, the Group has leases for a wide range of different terms, from 1 year to in excess of 100 years. Judgement is used by the Group to apply a cap of 30 years to the inputs used to calculate the discount rate on the basis that data relating to loans for terms in excess of 30 years is rare and not representative and as such, no more reliable rate than a 30 year rate can be determined.

The Group also applies judgement in determining the incremental borrowing rate on a quarterly basis. Management have asserted that by updating the incremental borrowing rate on a quarterly basis, we ensure that the discount rate used remains relevant, current and materially correct. Should events and conditions change in the interim period we would consider whether the discount rate should be updated on a more frequent basis.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Supply Chain Finance

Judgement is made in determining whether balances under supply chain financing arrangements should be classified as trade payables or as another line item on the Balance Sheet. In determining the classification, the Group reviews each arrangement against a number of characteristics to assess whether the substance of liabilities owed by the Group to the participating banks under the contractual terms of the arrangements is consistent with other trade payables. These include:

- Whether participation in the schemes is voluntary for suppliers;
- Whether the Group is involved in the negotiations and agreements between the banks and suppliers or tri-partite agreements exist;
- Whether payment terms have been extended outside industry norms for trade payables;
- Whether interest is accrued on outstanding balances or fees are receivable by the Group;
- Whether the banks require parent guarantees in respect of the Group's obligations;
- Whether the Group retains its rights to offset credits or withhold payment.

The nature of the Group's liabilities under supply chain financing arrangements when considering these characteristics supports classification of amounts owed by the Group under its supply chain financing arrangements as trade payables. Accordingly, purchases of goods under supply chain financing arrangements are recognised within operating costs and settlement of liabilities under supply chain financing arrangements are classified as operating cashflows (see Note 19 for further disclosures relating to supply chain finance agreements).

Critical accounting estimates - current and prior year

Impairment of non-financial assets

The Group tests intangibles (including goodwill) and other non-current assets for impairment at least annually as discussed in notes 11, 12, 13 and 14. For grocery, clothing and general merchandising activities, forecast cashflows are used in the impairment models and estimates of long term growth rates are identified to extrapolate cashflows past the 5 year planning horizon.

For the fuel retailing business, the cashflow forecast includes an assumed decline in sales volume beyond the 5 year forecast with an accompanying unwind of working capital over the medium term due to an expected transition to alternative fuel vehicles.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Critical accounting estimates - prior year

Estimation of store inventory losses

Adjustments to store inventory are recorded based on the results of physical inventory counts, which are performed throughout the year by an independent third party. Store inventory losses arising between the dates of physical counts and the balance sheet date are estimated and provided for as a percentage of sales arising between physical inventory counts. The provision is recorded on store-by-store basis and takes into account several factors - most notably the most recent physical inventory count result of the store analysed by trading department.

The key reference point for estimating store inventory loss provisions at the Balance Sheet Date in the current year and prior year is the most recent physical count. The provision for store inventory loss at 31 December 2025 is £78.4m (2024: £87.1m).

Store inventory losses are included in the cost of goods sold figure presented in the table in Note 4.

At 31 December 2025, an increase in the inventory loss provision amounting to 0.01% of sales since the most recent physical count of each store would increase the provision for inventory loss at 31 December 2025 by £0.6m (2024: £0.8m).

This is no longer deemed to be a critical accounting estimate as store counts took place closer to the year end in the year ended 31 December 2025 following the conversion of store systems.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Other judgements, estimates and assumptions

Judgements

IFRS 16 lease term

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the period covered by options to extend the lease if the lessee is reasonably certain to exercise the option, and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. The Group applies judgement to whether an extension should be added to the non-cancellable lease term with reference to the following:

- Extension options in the contract. Consideration as to whether any option is reasonably certain to be exercised is based on whether an economic incentive exists to do so. This incentive is assessed by reference to multiple factors including but not limited to current operational performance of the site and future performance projections, length of time to the option exercise date and future capital requirements. The majority of the Group's leases do not have extension options in the contract but, where they do, most lease terms include the extension period.
- Geographical factors. A term extension on any main estate store lease for sites in England and Wales may be judged reasonably certain on the basis of security of tenure if an economic incentive to remain in the lease beyond the contractual term is deemed to exist. This incentive is assessed by reference to the same factors listed above. If an extension is judged reasonably certain, the typical additional term applied is 10 years. Geographical factors are not considered for sites outside England and Wales.

In the event of changing circumstances or new information that may impact judgements taken, lease terms will be re-assessed on a lease by lease basis. Term reassessments are identified on an ad-hoc basis in light of new or updated information which would impact the assumptions originally recognised. Any change in lease term could result in a recalculation of the lease liability and a material adjustment to the associated right-of-use asset. There were 75 examples of term reassessment which led to a £20.5m reduction in the right-of-use asset and £20.5m reduction in the lease liability (2024: 17 examples of term reassessment which led to a £3.6m reduction in the right-of-use asset and £3.6m reduction in the lease liability). The increase in the number of term reassessments in the year ending December 2025 was driven by the Group re-assessing the lease term of its Supermarket (<25,000 sq ft) portfolio.

Litigation

Judgement is made in determining whether any provision is required with regard to litigation. In accordance with IAS 37, no provision is made where a loss is not considered to be probable; disclosures of relevant matters are made in relation to contingent liabilities (see Note 27).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements combine the financial statements of Bellis Finco PLC and all its subsidiaries. Subsidiaries are entities over which Bellis Finco PLC has control. The Group has control over another entity when the Group has all of the following:

- (a) power over the investee, for example through voting or other rights;
- (b) exposure to, or rights to, variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the Group's returns.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date that control is established or up to the date at which control is lost, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Transactions with fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Business combinations and goodwill

Business combinations are accounted for under IFRS 3 'Business Combinations' using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in operating costs. When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred and any amount recognised for the non-controlling interest over the fair value of identifiable assets acquired and liabilities assumed. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably.

If the aggregate of the acquisition date fair value of the consideration transferred and any amount recognised for the non-controlling interest is lower than the fair value of identifiable assets acquired and liabilities assumed, the difference represents a gain on bargain purchase (negative goodwill) and is recognised in the Consolidated Income Statement.

The fair value of assets and liabilities acquired in a business combination are measured at acquisition date fair value in accordance with IFRS 13 'Fair Value Measurement' with the exception of income taxes, employee benefits, reimbursement assets, reacquired rights, share-based payments and assets held-for-sale.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit, or group of units, to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Foreign currency

The presentational currency of the Group is Sterling. The primary functional currency of the parent and subsidiary companies is also Sterling.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the Consolidated Income Statement, except when hedge accounting is applied and differences are recognised in the cash flow hedge reserve.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate reflecting the cost of settling any liabilities incurred in purchasing them, taking into account gains and losses on foreign currency forward contracts where relevant.

Non-underlying items presented in the Consolidated Income Statement

In order to provide stakeholders with additional insight into the year on year performance of the Group, and to align presentation more closely with how financial performance is monitored internally by the Executive Committee and the Board of Directors, items in the Consolidated Income Statement are shown on a basis which excludes the impact of non-underlying items alongside the reported IFRS numbers.

Determining which items are to be presented as non-underlying items requires judgement and is based on an assessment of the size and nature of Consolidated Income Statement amounts. This includes identifying material amounts which either:

- do not arise in the normal course of business;
- are non-recurring; or,
- are non-cash in nature and exhibit material volatility between reporting periods

Where such items are identified, and are individually or in aggregate significant enough to impact a reader's assessment of the Group's financial performance, they are classified as non-underlying.

Where a non-recurring project spans multiple reporting periods (e.g. Project Future), the total project size and nature are considered in totality when determining whether it is to be presented as non-underlying.

Profit excluding non-underlying items is not an IFRS measure and as such is not directly comparable to other companies.

Further detail of amounts classified as non-underlying items in the current and prior year is provided in Note 4.

Intangible assets

Intangible assets acquired are carried initially at cost. Following initial recognition, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Software costs

Intangible assets include software costs. Software costs capitalised consist of both costs from third parties and costs of internal resources involved in development activities. When considering whether software costs can be capitalised, the Directors perform an assessment of whether the Group controls the underlying asset. Factors considered when assessing whether the Group controls an asset include where and how the software is hosted and the ability the Group has to make changes to the software.

Costs are only capitalised once a project is in the development stage and approval for the project as a whole to be completed has been obtained. Costs incurred in the research stage are expensed as incurred. Integration costs between different software are capitalised where it can be demonstrated that these are separate intangible assets and control is evident.

In relation to Software as a Service (“SAAS”) contracts, where it cannot be demonstrated that the Group controls the underlying assets' development, costs incurred are immediately recognised as an expense in the Consolidated Income Statement other than software licence fees which are included in prepaid expenses and amortised over the period of the respective licence. The factors noted above in relation to how the software is hosted and whether the Group has the ability to make or direct changes directly to the underlying software as part of the SAAS contract are considered as part of this assessment.

Where implementation costs are incurred as part of a SAAS contract, these implementation costs are separately considered to identify whether they represent an intangible asset in their own right as detailed above. If the Directors conclude that implementation costs do not meet the recognition criteria of a separate intangible asset, an assessment is then made as to whether the costs represent configuration of the software product or customisation. If configuration, these costs are recognised in the Consolidated Income Statement as incurred, whereas if customisation the Directors will assess whether these should be recognised over the term of the SAAS contract if they are not distinct from the underlying software product itself. Purchases of hardware are capitalised as Property, Plant and Equipment.

Costs associated with interim software solutions which do not meet the Group's policy of a 3 year minimum useful economic life are expensed as incurred.

Brand licences

Brand licences are capitalised when acquired as part of a business combination if they are separable or arise from contractual or other legal rights. A brand licence is initially measured at fair value using an appropriate valuation methodology (e.g. relief-from-royalty approach). Brand licences are not amortised where they have an indefinite useful life. Costs in relation to internally generated brands are not capitalised.

Customer relationships

Customer relationships are capitalised when acquired as part of a business combination if they are separable or arise from contractual or other legal rights. A customer relationship is initially measured at fair value using an appropriate valuation methodology (e.g. multi-period excess earnings method). Customer relationships are amortised over their useful economic life of 10 years.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Amortisation

Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives, with charges included in operating costs, as follows:

Software and development costs	4 years
Customer contractual relationships	10 years

The purchased goodwill of the Group and brand licence intangibles are regarded as having an indefinite useful economic life and in accordance with IAS 38, are not amortised but are subject to annual tests for impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Items of property, plant and equipment under construction are valued at cost and not depreciated. Depreciation is charged from the date that the assets are available for use.

All property, plant and equipment is reviewed for impairment where there is an indicator of impairment with IAS 36 'Impairment of Assets' as described in the 'Impairment of non-financial assets' policy below.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Consolidated Income Statement.

Depreciation

Depreciation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold properties	3 - 50 years
Leasehold improvements	Shorter of estimated useful life or lease term
Plant, equipment, fixtures and fittings	Shorter of 3 - 50 years or the lease term

Investment properties

Property held to earn rental income is classified as investment property and is measured initially at cost, including transaction costs. Following initial recognition, investment properties are carried at cost less any accumulated depreciation and accumulated impairment losses.

There is no depreciation on freehold land. Investment property under construction is held at cost until such time as the property is available for use. Properties held under lease are not treated as investment property with the exception of leasehold improvements relating to the leased properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the Consolidated Income Statement in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. If any such indication exists, the asset's or CGU's recoverable amount is estimated. Indefinite lived intangibles (such as Goodwill) are tested annually for impairment regardless of whether any indicators for impairment exist.

An asset's or CGU's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset.

The Group considers each store as a separate CGU. A CGU may include a combination of grocery store, petrol filling station ("PFS") and/or Foodservice outlet. The carrying value of each CGU includes property, plant and equipment, lease right-of-use-assets, lease liability, allocation of central assets and allocation of working capital. Central assets including distribution warehouses and head office assets are allocated to CGUs using sales as the benchmark to estimate level of use of these assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and second, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment of goodwill is not reversed.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Consolidated Balance Sheet.

Provisions

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time-value of money and, where appropriate, the risks specific to the liability.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For short-term leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the value of the lease payments that are not paid at the commencement date, discounted to present value.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate are initially measured using the minimum guaranteed contractual increases;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and,
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as separate current and non-current amounts in the Consolidated Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using the current discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using a discount rate reflecting the revised minimal guaranteed contractual increases; or,
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Discount rate

When discounting payments to present value, the Group uses the interest rate implicit in the lease if this rate can be readily determined. For a small volume of high value leases, the rate implicit in the lease can be calculated and has therefore been used.

Otherwise, for the majority of leases the rate used is based on an estimated incremental borrowing rate. Further detail on the calculation of the incremental borrowing rate is detailed in the 'Significant judgements and critical accounting estimates' section of this note under the heading 'IFRS 16 discount rate'.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Right-of-use Assets

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day (including lease buy out payments made to previous tenants) less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term. If the lease includes an option to transfer ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation is charged from the commencement date of the lease. Right-of-use assets are presented as a separate line in the Consolidated Balance Sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy above.

Non-lease components and variable rent expense

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has taken this election with the exception of IT and printer leases where other charges included in the contract (maintenance and replenishment) are accounted for separately within related cost lines.

The primary non-lease components recognised within lease payments are property costs (service charges and insurances) paid to landlords and included within the terms of lease contracts and rent payable relating to certain food service outlets where that rent is linked to sales. These costs are included within the lease payments at commencement date if fixed, or within variable rent expense as incurred if not. The majority of these payments are variable and therefore not included in the lease liability.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Sale-and-leaseback transactions

The Group accounts for sale-and-leaseback transactions in accordance with IFRS 16.

A transaction is treated as a sale when control of the asset transfers to the buyer in accordance with IFRS 15.

In making this assessment, the Group considers:

- Transfer of control indicators (present right to payment, legal title, physical possession, transfer of significant risks and rewards, and customer acceptance);
- Substantive repurchase or renewal options that may preclude sale accounting; and
- Terms and conditions of the leaseback that could indicate the seller-lessee has retained control.

Where a sale is achieved, the Group derecognises the underlying asset and recognises a right-of-use (“ROU”) asset and lease liability for the leaseback. The ROU asset is measured as the proportion of the previous carrying amount that relates to the rights retained, and the lease liability is measured at the present value of future lease payments. Any gain or loss is recognised in the consolidated income statement only for the portion of the asset for which control has transferred. The remaining gain or loss is deferred against the ROU asset.

Sale-and-leaseback terms are assessed to determine whether the sale price and lease payments reflect market terms. Any off-market element is adjusted through the ROU asset or a separate financial liability/prepayment.

Subsequently, the ROU asset is depreciated over the leaseback term and the lease liability is measured at amortised cost.

If the transfer does not qualify as a sale, the asset(s) continue to be recognised and the proceeds received are recorded as a financial liability. Lease payments are recognised as reductions in the financial liability and interest expense.

The Group as a lessor

The Group has entered into lease agreements as a lessor with respect to certain owned and leased property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases, including the effect of lease incentives, is recognised on a straight-line basis over the lease term.

Where the Group is an intermediate lessor, the head lease and sub-lease are accounted for as two separate contracts and assessment of classification is made with reference to the right-of-use asset resulting from the head lease rather than the underlying asset. Where the sub-lease is classified as a finance lease, the lease right-of-use asset is derecognised and replaced by a finance lease receivable, reflecting the discounted future value of minimum rentals due.

Third party lessees are subject to credit checks prior to entering into a lease contract with the Group and may be required to provide a guarantor depending on the outcome of these checks. Additionally, some leases contain clauses enabling upwards revision of the rental charge according to prevailing market condition at points within the lease contracts.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

Financial assets and liabilities

The Group classifies its financial assets and liabilities in the following categories: non-interest-bearing financial assets, interest-bearing receivables, derivatives designated as hedging instruments, cash and cash equivalents, non-interest-bearing financial liabilities and interest-bearing borrowings. The Group's accounting policies relating to lease liabilities are described above.

Management determines the classification of its financial instruments at initial recognition.

All financial assets and liabilities are recognised initially at fair value. The Group assesses financial assets for impairment using the expected credit losses model and recognises impairment losses as required.

Non-interest-bearing financial assets and interest-bearing receivables

These categories include trade and other receivables and amounts due from the ultimate parent and fellow wholly-owned subsidiaries of the ultimate parent which are held with the sole objective of collecting contractual cash flows and are therefore carried at amortised cost. Amounts included in current assets are classified as such as the Directors expect them to be settled within 12 months of the Balance Sheet date. For the amounts included in non-current assets the Directors expect these to be settled in line with their contractual terms, which are more than 12 months after the Balance Sheet date.

Derivatives designated as hedging instruments

Derivative financial instruments ("derivatives") are used to manage risks arising from changes in foreign currency exchange rate and interest rate fluctuations.

Derivatives are stated at their fair value. The fair value of foreign currency derivative contracts is their market value at the Balance Sheet date. Market values are calculated using mathematical models and are based on the duration of derivatives together with quoted market data including interest rates, foreign exchange rates and market volatility at the Balance Sheet date.

The fair value of cross-currency interest rate swaps is measured using a swap valuation model. This model incorporates various observable market inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

The fair value of interest rate swaps was measured using a swap valuation model, this model incorporated various observable market inputs including the credit quality of counterparties and interest rate curves.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

For those derivatives designated as hedges and for which hedge accounting is applied, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the nature of the risk being hedged and how effectiveness will be measured throughout its duration.

All of the Group's hedges are considered to be cash flow hedges, hedging exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. The Group uses forward currency contracts to hedge its exposure to foreign currency risk in forecast transactions and firm commitments (refer to Note 19 for further details). In addition, the Group uses cross-currency interest rate swaps to hedge its exposure to foreign currency risk and floating interest rate risk relating to its foreign currency borrowings; and has used interest rate swaps to hedge exposure to floating interest rate risk during the current year and the prior year relating to a proportion of the Apollo facility, which is a variable rate sterling term loan.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the Consolidated Income Statement. For hedges of foreign currency purchases the realised gain or loss is recognised within cost of goods sold. For cross-currency interest rate swaps and interest rate swaps, the gain or loss is recognised in finance costs or finance income. Amounts recognised in other comprehensive income are transferred to the Consolidated Income Statement when the hedged transaction affects profit or loss.

If a forecast transaction is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the Consolidated Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs and are then transferred to the Consolidated Income Statement.

Non-interest-bearing financial liabilities

The Group's non-interest-bearing financial liabilities include trade and other payables and amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, which are recognised at amortised cost.

Interest-bearing borrowings

The Group's interest-bearing borrowings include amounts due to wholly-owned subsidiaries of the ultimate parent and external borrowings and are recorded initially at fair value plus directly attributable transaction costs. Subsequently, these liabilities are carried at amortised cost using the effective interest method. Gains or losses arising on repurchase, settlement or cancellation of liabilities are recognised respectively in finance income or finance costs. Borrowings are classified as current liabilities except for those with contractual maturities greater than 12 months after the Balance Sheet date. Accrued interest on external borrowings is included within accruals (note 18).

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Fair values

Fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions, reference to the current value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Inventories

Inventories comprise goods for resale and goods not for resale and are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (excluding VAT) less all costs which would need to be incurred to facilitate sale.

Goods for resale - food, general merchandise, clothing and fuel

Warehouse and store inventories are valued at weighted average cost. The weighted average cost is calculated by store and depot systems at item level on a store by store and depot by depot basis.

Expenditures incurred in acquiring the goods and bringing them to their existing location and condition (including applicable supplier income, import duties and freight and transport costs as appropriate) are included in inventories.

Adjustments relating to inventory gains and losses in stores are recorded based on the results of physical inventory counts, which are performed throughout the year by an independent third party. Store inventory losses arising between the dates of physical counts and the balance sheet date are estimated and provided for based on recent count results.

Adjustments to the carrying value of inventory are recorded when the net realisable value of inventory is estimated to be lower than cost - for example, where items are slow moving or obsolete.

Goods not for resale

Goods not for resale inventories primarily comprise fuel for own use and are valued at cost on a first in, first out basis.

Goods for resale - prior year

In the prior year, inventories at retail outlets were valued using the Retail Inventory Method. Store inventory quantity was maintained at retail value - by store, by operating department - in store systems. An estimate of average cost was derived by removing average margin - calculated by store and by operating department - from the retail valuation. As the Group has transitioned to new store systems during the year, the estimate of weighted average cost has moved to an item by item, store by store basis as described above. This is a change in estimation basis and accordingly, the transition from estimating weighted average cost using the retail inventory method to estimating weighted average cost based on a store by store, item by item basis has been accounted for as a change in estimate in accordance with guidance set out in IAS 8.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised as other comprehensive income, in which case the tax is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the Balance Sheet date.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes except:

- the initial recognition of goodwill or of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and,
- deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The amount of deferred tax provided is measured on an undiscounted basis based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

In line with the requirements of IAS 12 - Income Taxes, provisions are recognised for uncertain tax positions where a risk of an additional tax liability is identified and it is probable that the Group will be required to settle that tax. This is measured based on management's expectation of the outcome of decisions by the relevant tax authority, assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience.

Trade and other receivables

Trade and other receivables are stated at their original invoiced value (discounted if material) as reduced by appropriate allowances for estimated irrecoverable amounts. Impaired debts are derecognised when they are assessed as uncollectible. Trade receivables are presented net where a legally enforceable right of set off exists and where we routinely settle payments to suppliers net of amounts receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, credit and debit card receivables, short-term deposits and short-term highly liquid investments with an original maturity of three months or less. In the vast majority of cases, credit and debit card receivables are settled on the first working day after the Balance Sheet date. Please refer to the earlier section of note 1 - New standards, interpretations and amendments not yet effective - for details of the impacts on the Group's cash and trade and other payables balances from changes to IFRS 9 which are effective for the first time from 1 January 2026.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Trade and other payables

Trade and other payables, other than amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, are non-interest bearing and are stated at their nominal value. Accrued interest on external borrowings is included within accruals (note 18).

Borrowing costs

Borrowing costs are recognised in the Group's Consolidated Income Statement except for costs that are directly attributable to the construction of buildings which are capitalised and included within the initial cost of a building. Capitalisation of borrowing costs ceases when the property is ready for use. The interest rate applied is based on the average rate of general borrowings outstanding during a period.

Costs relating to external borrowings that are capitalised are netted off against total borrowings. These capitalised costs are amortised over the life of the borrowings which they relate to using the effective interest rate method.

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an operating expense in the Consolidated Income Statement as incurred.

Defined benefit pension assets and liabilities

The Group's liabilities in respect of the Unapproved Unfunded Retirement Benefits Scheme ("UURBS") are calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method.

The expense relating to the unwind of the discount on the liabilities is recognised within finance costs.

Actuarial gains and losses are recognised in full in the Consolidated Statement of Other Comprehensive Income in the period in which they occur.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Revenue recognition

Revenue from store and online sales

Revenue represents sales to customers through retail outlets and online, excluding value added tax. Revenue is recognised net of customer returns, ASDA Rewards pounds earned, intercompany transactions, colleague discounts, coupons and the free element of multi-save transactions.

ASDA Rewards pounds issued by ASDA are a separate performance obligation providing a material right to a future discount which are recognised at the point that they are issued at the Directors' best estimate of the value which will be redeemed (inclusive of a breakage assumption).

Colleague (employee) discounts, coupons and the free element of multi-save transactions (e.g. transactions whereby customers obtain a discount for purchasing more than one item of a particular product) provide customers with a right to a discount at the point that they make a qualifying purchase and accordingly, are recognised as a reduction in revenue at the point of sale.

Revenue is recognised at the point at which the Group has satisfied its performance obligations under a contract with the customer and control of the goods has passed to the customer. For revenue earned through sales of goods and fuel to customers in retail outlets and online, proceeds are recovered from the customer either immediately through the receipt of cash at the point of sale or on settlement of card transactions which occurs one working day after the point of sale in the vast majority of cases. For store sales, revenue is recognised at the point of sale as that is the point at which the Directors determine that control of the goods has passed to the customer.

For online grocery sales and online non-food sales which are fulfilled by Click & Collect, revenue is recognised at the point of goods being accepted by the customer. For online non-food sales which are fulfilled by direct delivery to the customer, revenue is recognised at the point of despatch, as this is the point at which the Directors determine that control of the goods has passed to the customer.

Interest and dividend income

Interest income is recognised in the Consolidated Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Group's profit on the date the Group's right to receive payments is established.

Income from concessions and commissions

Income from concessions and commissions is based on the terms of the contract and is included within other income (see Note 3 for further detail). Concession income is recognised over-time relating to the period the concession operates in a store.

Supplier income

Supplier incentives, rebates, fixed income and discounts (collectively known as "supplier income") are recognised, as a deduction from cost of goods sold, as they accrue in accordance with the terms of each relevant supplier agreement. All supplier income is supported by agreements and, in the majority of instances, these agreements begin and end within the Group's financial year. In a small number of instances, contractual periods may extend over the Group's year end. In such cases the amount of any income accrued in relation to these agreements is supported by detailed calculations.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Supplier income is split into three classifications:

- Supplier incentives and discounts - which are usually expressed in the supplier agreement as an agreed amount per item sold. This type of supplier income is mechanically calculated and therefore no judgement is required in determining the amount of income to record in the financial year;
- Annual supplier rebates - these are earned and billed within the Group's financial year in the majority of cases. The rebates are linked to pre-agreed volumes of sales or purchases of specific products and are supported by explicit contractual terms; and,
- Fixed amount supplier income - this is earned and billed within the Group's financial year in the majority of cases. Fixed monetary amounts are agreed with suppliers relating to certain promotional activities including, for example, new product listings, increased product distribution or specific promotional events.

Unbilled amounts of income to which the Group is contractually entitled are included in trade and other receivables. Billed amounts unpaid at the year-end are included in trade receivables or offset against corresponding trade payables where a contractual right of offset exists.

Supplier income recognised in the Consolidated Income Statement and accounted for within trade receivables at the year-end for which estimation and judgement is required is £2.4m (2024: £1.3m). This represents the net amount of accrued income of £2.4m (2024: £1.3m) and deferred income of £nil (2024: £nil) on deals running across the year-end.

Share-based payments

During the year and the prior year, eligible members of senior management employed by the Group have participated in a Management Incentive Plan ("MIP") whereby MIP scheme members purchase management shares in the immediate parent company of the Group for proceeds determined by an independent calculation of fair value at the issue date. Under the MIP, an intermediate holding company of the Group - Bellis Midco 2 Limited – has entered into an agreement with the holders of MIP management shares ("MIP scheme members") whereby MIP scheme members are granted a put option which, when exercised, enables them to sell their management shares to Bellis Midco 2 Limited or another non-Group entity for a value determined by an independent valuation determined at the exercise date.

MIP scheme members are required to be employed by the Group at the grant date of the MIP shares. If a member of the scheme ceases to be employed by the Group during the vesting period, Bellis Midco 2 Limited, a parent of Bellis Finco PLC, has the option to repurchase, or nominate another entity of the Group to repurchase, the shares during the 12-month period after the member's leave date. As such, the Directors have determined that the MIP scheme falls within the scope of IFRS 2. The difference between the IFRS 2 fair value and the fair value paid by MIP scheme members at the grant date is expensed over the vesting period (i.e. the period from date on which the MIP shares are granted to the estimated exercise date) as an expense in the Consolidated Income Statement.

As neither MIP shares nor put options over MIP shares are issued by entities within the Group, and as there is no recharge agreement in place which requires any entity within the Group to settle liabilities in respect of MIP shares, changes in the fair value of MIP shares are accounted for on an equity-settled basis.

Contingent liabilities

The Group may, from time to time, be subject to legal proceedings. Where a liability is not probable or the amount cannot be reasonably estimated, a liability is not recognised. However, where a loss is not considered probable but a liability is possible and may be material, such matters are disclosed as contingent liabilities.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Contingent asset

The Group may, from time to time, be engaged in legal proceedings where the Group is the claimant. Where an asset is considered probable and the amount is material, a contingent asset is disclosed. Where an asset is considered to be virtually certain, an asset is recognised.

2 Revenue

The Group's principal activities are the retailing of food, clothing, general merchandise, fuel and services throughout the United Kingdom and online. The Group is not reliant on any individual major customers.

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the Chief Operating Decision Maker ("CODM"). In line with the Group's reporting framework and management structure, key operating decisions are made by the Executive Committee of ASDA Group Limited which is responsible for allocating resources and assessing performance and is considered to be the CODM for the Group.

The CODM is presented with information for the following operating segments:

- Retail - Large Store Estate
- Retail - Express

In determining the Group's reportable segments, management have considered the economic characteristics, in particular the nature of the products, the production processes, type of class of customer of the products, methods of distribution and the regulatory environment of its two Retail segments. The operations of all product areas of the business are subject to similar economic characteristics and are sold in a similar retail environment. As such, it has been concluded that they should be aggregated into one "Retail" segment within the financial statements given the similar economic characteristics between both segments. The aggregated information provides users the financial information needed to evaluate the business and environment in which it operates.

The Group is therefore engaged in a single reportable operating segment of business, being the retailing of food, clothing, general merchandise, fuel and services in a single geographical segment, the United Kingdom and online. All significant revenue is generated by the sale of goods through retail outlets in the UK and through the Group's online channels. Fuel sales are separated out in the below due to the fact they are highly sensitive to cost price changes, which can cause big variances in fuel revenue year on year.

The analysis of the Group's revenue for the years ended 31 December 2025 and 31 December 2024 are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Sale of goods	20,996.8	21,713.1
Fuel	4,881.2	5,133.5
	<u>25,878.0</u>	<u>26,846.6</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Other income

The analysis of the Group's other income for the year is as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Concession, commission and other income	70.9	68.1
Rental income	26.1	12.0
Total other income	<u>97.0</u>	<u>80.1</u>

Concession and commission income mainly relates to commission income earned through concessions and in-store variable rental income.

Rental income relates to income earned by the Group as a lessor from sites located in the proximity of certain stores.

In the prior year, rental income amounts of £14.1m have been included in the concession and commission income line above. In the current year, the equivalent amounts of £9.6m have been included in the rental income line to better reflect the nature of these amounts. The prior year concession and commission income line above has not been restated due to this reclassification being immaterial and having no impact on the overall total of other income.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

4 Operating costs

The operating loss from continuing operations is stated after (charging)/crediting the following:

	Note	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Cost of goods sold		(19,736.7)	(20,325.4)
Project Future costs		(284.2)	(309.6)
Restructuring costs	6	(27.1)	(27.2)
Other operating costs (i)		(1,852.1)	(1,866.2)
Employment costs	6	(3,311.3)	(3,257.6)
Amortisation of intangible assets	14	(83.4)	(48.6)
Depreciation on property, plant and equipment	11	(444.6)	(505.5)
Depreciation on right-of-use assets	12	(229.3)	(229.0)
Loss on sale of property, plant and equipment		(2.9)	(0.5)
Loss on disposal of subsidiary		(15.2)	-
Loss on sale of disposal of assets held for sale		-	(24.9)
Gain on sale-and-leaseback		3.3	-
Gain on disposal of right-of-use assets		1.3	1.8
Impairment charge relating to property, plant and equipment	11	(303.2)	(372.7)
Impairment (charge)/reversal relating to right-of-use assets	12	(38.4)	2.1
Impairment charge relating to assets held for sale		(2.3)	(3.7)
Impairment on Asda Express (Jersey) Limited goodwill reclassified to assets held for sale	14	(0.3)	(3.3)
Total operating costs		(26,326.4)	(26,970.3)

(i) Other operating costs include various expenses associated with operating the business. These include but are not limited to business rates, property maintenance, energy and utility costs, third-party transport costs, marketing expenses and insurance.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

4 Operating costs (continued)

Non-underlying items

As detailed in note 1, certain amounts, including where a non-recurring project spans multiple reporting periods (e.g. Project Future), have been presented in the Consolidated Income Statement as non-underlying in the current year and prior year by virtue of their size and nature. The Consolidated Income Statement impact of these items is as follows.

	Year ended 31 December 2025 £m			
	Pre-tax decrease in profit	Decrease in tax expense	Post-tax decrease in profit	
<i>Non-underlying items included in operating costs:</i>				
Project Future costs (i)	(284.2)	71.1		(213.1)
Restructuring costs (ii)	(27.1)	6.8		(20.3)
Impairment (see notes 11, 12, 13 and 14)	(344.2)	44.9		(299.3)
Total	<u>(655.5)</u>	<u>122.8</u>		<u>(532.7)</u>

	Year ended 31 December 2024 £m			
	Pre-tax decrease in profit	Decrease in tax expense	Post-tax decrease in profit	
<i>Non-underlying items included in operating costs:</i>				
Project Future costs (i)	(309.6)	77.4		(232.2)
Restructuring costs (ii)	(27.2)	6.8		(20.4)
Impairment (see notes 11, 12, 13 and 14))	(377.6)	50.2		(327.4)
Total	<u>(714.4)</u>	<u>134.4</u>		<u>(580.0)</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

4 Operating costs (continued)

(i) Since the acquisition of ASDA Group Limited in the period ended 31 December 2021, the Group has embarked on a programme, Project Future, to separate its IT systems from its previous owner Walmart. A Transitional Services Agreement ("TSA") has been in place with Walmart during the current and previous years. Where legacy Walmart systems were still in use during the current and prior year, the costs of these have been included in charges relating to the TSA. The separation programme is transitioning the Group to a standalone, IT infrastructure which will enable it to improve operating efficiencies, make better use of data, improve experience for customers and colleagues, and enable the business to be more agile in responding to customers' needs.

During the year, we completed the conversion of all stores and all distribution centres from legacy Walmart systems to the new standalone systems. Amounts classified as non-underlying during the year relate to costs incurred outside the normal course of business in respect of:

- Non-recurring costs incurred in stores and distribution centres in the post-conversion period, including inventory loss, employment costs and other operating costs incurred as a result of temporary disruption to replenishment processes. These costs are incremental in their nature and are as a result of the temporary disruption caused by Project Future.
- TSA charges from Walmart;
- Consultancy costs incurred in relation to the management of the programme

The total IT spend included in underlying operating costs in the current year reflects run costs associated with the new standalone systems which have been incurred in the normal course of business. In prior year, the total IT spend included in underlying operating costs reflected management's expectation of the level of of annual spend required to operate the business on standalone IT systems in the normal course of business. See Bellis Finco PLC Financial Statements for the year ended 31 December 2024 for further detail.

(ii) These costs relate to restructuring programmes in the stores and head offices in the current year and head office in the prior year and these costs are included in employment costs in note 6.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

4 Operating costs (continued)

Impacts of the above items on the consolidated pre-tax cash flows of the Group are as follows:

	Year ended 31 December 2025 £m		Total
	Decrease in cash flow from operating activities	Decrease in cash flow from investing activities	
Project Future costs (i)	(293.2)	(43.9)	(337.1)
Restructuring costs (ii)	(43.1)	-	(43.1)
Transaction costs relating to acquisition of Euro Garages (Jersey) Limited (iii)	(3.6)	-	(3.6)
	<u>(339.9)</u>	<u>(43.9)</u>	<u>(383.8)</u>

	Year ended 31 December 2024 £m		Total
	Decrease in cash flow from operating activities	Decrease in cash flow from investing activities	
Project Future costs (i)	(320.4)	(40.3)	(360.7)
Restructuring costs (ii)	(5.1)	-	(5.1)
Transaction costs relating to acquisition of Euro Garages (Jersey) Limited (iii)	(33.6)	-	(33.6)
	<u>(359.1)</u>	<u>(40.3)</u>	<u>(399.4)</u>

(i) Operating cash flows in relation to Project Future costs are as per the amounts expensed in the Consolidated Income Statement adjusted for related prepayments and accruals which were outstanding at 31 December 2025 and 31 December 2024. Investing cash flows relate to Project Future-related amounts incurred in the current and prior year which have been capitalised as intangible assets.

(ii) Cash flows in relation to the restructuring programmes enacted are as per the amounts expensed in the Consolidated Income Statement adjusted for accruals which were outstanding at 31 December 2024 and 31 December 2025.

(iii) Cash flows in relation to transaction costs relating to the acquisition of Euro Garages (Jersey) Limited were as per the amounts expensed in the Consolidated Income Statement adjusted for accruals which were outstanding at 31 December 2024 and 31 December 2025.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

5 Auditor's remuneration

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
<i>Within operating costs:</i>		
Fees payable to Company's auditor for the audit of parent company and Consolidated financial statements	5.7	7.3
Fees payable for the audit of the accounts of the Company's subsidiaries	1.0	1.0
Fees payable to Company's auditor for other assurance services	0.7	0.5
Total fees to auditor	<u>7.4</u>	<u>8.8</u>

6 Employee numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	Year ended 31 December 2025 No.	Year ended 31 December 2024 No.
<i>Total</i>		
Retail & Distribution	132,845	137,520
Home offices	4,105	5,347
	<u>136,950</u>	<u>142,867</u>

The aggregate payroll costs (including Directors' remuneration) were as follows:

	Note	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Wages and salaries	21	2,907.4	2,904.8
Restructuring costs	21	27.1	27.2
Share-based payment expenses	21	1.7	1.6
Social security costs	21	281.5	211.4
Other pension costs	21	120.7	139.8
		<u>3,338.4</u>	<u>3,284.8</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

7 Directors' remuneration

The amount recognised in the Consolidated Income Statement in relation to Directors' remuneration was £3,210,922 (2024: £449,710) in respect of their services to the Group in the year. This remuneration relates to short term employee benefits. This cost was borne by wholly-owned subsidiaries of Bellis Finco PLC. As at 31 December 2025, an amount of £977,674 (2024: £309,917) was outstanding to third parties in relation to Directors' remuneration. The number of Directors who served during the year and were entitled to receive shares under long-term incentive schemes at the Balance Sheet date was none (2024: two).

The remuneration recognised in the Consolidated Income Statement in relation to the highest paid director was £1,710,922 (2024: £309,917).

8 Finance income and costs

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Finance income		
Bank interest receivable	18.7	20.6
Interest receivable on amounts owed from fellow subsidiary of the ultimate parent	27.7	26.7
Gain on modification of an existing amount due from a fellow wholly-owned subsidiary of the ultimate parent	38.1	-
Finance lease receivable	6.8	8.6
Total finance income	<u>91.3</u>	<u>55.9</u>
Finance costs		
External interest payable	435.3	340.0
Interest on lease liabilities	233.4	218.3
Net interest cost on pension scheme	0.4	0.4
Asset retirement obligations discount unwind	6.3	4.4
Interest payable on shareholder loan	53.5	48.2
Total finance costs	<u>728.9</u>	<u>611.3</u>

External interest payable includes interest on external debt issued by the Group during the current year and previous years, amortisation of fees incurred in relation to external debt, modification gains and losses relating to external debt and commitment fees and interest relating to the Revolving Credit Facility. Within external interest payable are amounts in relation to the accelerated amortisation of capitalised fees on external borrowings that were repaid during the year (see note 20 for further details).

Within external interest payable in the prior year is a £26.6m gain on modification of an external borrowing facility. See note 20 for further details.

Within finance income, a £38.1m gain on modification of an existing amount due from a fellow wholly-owned subsidiary of the ultimate parent was recognised. See note 16 for further details.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

9 Sale-and-Leaseback transaction

During the year, the Group entered into a sale-and-leaseback of 24 of its properties. The properties were sold at fair value to third-parties.

In accordance with IFRS 15, it was determined that the transfer of the properties to an independent third-parties for proceeds of £548.5m was considered a sale. In the year ended 31 December 2025, assets relating to the properties with a Net Book Value of £541.7m were sold and the Group recognised a gain on sale of £3.3m representing the amount of the gain that related to the rights transferred to the buyer-lessor. The remaining gain of £3.5m was deferred as a reduction to the right-of-use assets relating to the leaseback.

The cash proceeds that arose from the sale-and-leaseback transaction were separately classified as investing (£66.8m) to reflect the relative proportion of the proceeds relating to the transfer of rights to the buyer-lessor with the remaining proceeds classified as financing (£481.7m).

These properties were leased back to the Group on terms of 35 years (including the assumption that leases shall extend by 10 years). The Group continues to lease these properties from entities controlled by the Buyer and adjusted the right of use assets and lease liabilities to reflect amended terms of the leases on transfer to the third-party entities at that date.

The leasebacks of the properties, taking into account the deferral of a proportion of the disposal gain into the right-of-use asset and subsequent modification to the lease term, resulted in an increase in right-of-use assets of £478.4m and lease liabilities of £481.7m.

Further to the above, the Group entered into an agreement for the sale-and-leaseback of one further property during the year. This is expected to complete during 2026.

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025
(continued)**

10 Taxation

Tax charged/(credited) in the Consolidated Income Statement

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Current taxation		
UK corporation tax	-	7.5
UK corporation tax relating to previous years	<u>(17.7)</u>	<u>13.3</u>
Current tax (credit)/charge for the year	<u>(17.7)</u>	<u>20.8</u>
Total current income tax	<u>(17.7)</u>	<u>20.8</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(261.2)	(109.9)
Adjustments in respect of prior period	<u>6.1</u>	<u>(22.7)</u>
Total deferred taxation	<u>(255.1)</u>	<u>(132.6)</u>
Tax credit in the Consolidated Income Statement	<u>(272.8)</u>	<u>(111.8)</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

10 Taxation (continued)

A reconciliation of the total tax credit compared to the standard rate of corporation tax in the UK of 25% (2024: 25%) applied to the loss before tax is as follows:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Loss before tax	(989.0)	(599.0)
Corporation tax at standard rate	(247.2)	(149.8)
Adjustment in respect of previous years	(11.6)	(9.4)
Expenses not deductible	16.3	6.4
Group relief not paid for	(15.3)	(8.1)
Depreciation and other amounts in relation to non-qualifying fixed assets	-	(1.3)
Movement in unrecognised deferred tax asset on land (including the impact of the sale and leaseback transaction and impairments)	(15.0)	50.4
Total tax credit	(272.8)	(111.8)

The standard rate of corporation tax in the United Kingdom for the year ended 31 December 2025 is 25% (2024: 25%). Expenses not deductible for tax purposes of £16.3m includes £3.8m relating to the loss on disposal of subsidiary companies.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023.

The Group is in scope of the legislation and has performed an assessment of the potential exposure to Pillar Two income taxes for the years ended 31 December 2025 and 31 December 2024. The assessment is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment performed, the transitional safe harbour relief applies. Therefore, the Group does not expect an exposure to Pillar Two top-up taxes in relation to 2024 or 2025.

The Group has applied the mandatory temporary exemption to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes, as included in the amendment to IAS 12.

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025
(continued)**

10 Taxation (continued)

Tax items (charged)/credited directly to the Consolidated Statement of Comprehensive Income

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Deferred tax charge on pensions	(0.1)	(0.3)
Deferred tax credit/(charge) on cash flow hedges	10.1	(8.7)
Deferred tax credit on cross-currency swaps	3.0	1.5
Deferred tax charge on interest rate swaps	(0.4)	(1.3)
	<u>12.6</u>	<u>(8.8)</u>
Total tax on items charged to Consolidated Statement of Comprehensive Income	<u>12.6</u>	<u>(8.8)</u>

Deferred tax

Deferred tax assets and liabilities are attributable to the following:

2025	Asset £ m	Liability £ m	Net deferred tax £ m
Property, plant and equipment	-	(635.8)	(635.8)
Employee benefits	1.6	-	1.6
Provisions	22.2	-	22.2
Capital losses	2.4	-	2.4
Intangible assets	-	(394.3)	(394.3)
Cash flow hedges	9.7	-	9.7
Lease liabilities	-	(414.9)	(414.9)
Right-of-use assets	174.4	-	174.4
Trading losses	264.4	-	264.4
Interest	260.5	-	260.5
Other	-	(31.8)	(31.8)
	<u>735.2</u>	<u>(1,476.8)</u>	<u>(741.6)</u>

2024	Asset £ m	Liability £ m	Net deferred tax £ m
Property, plant and equipment	-	(773.1)	(773.1)
Employee benefits	2.0	-	2.0
Provisions	18.6	-	18.6
Capital losses	3.0	-	3.0
Intangible assets	-	(395.9)	(395.9)
Cash flow hedges	-	(3.1)	(3.1)
Lease liabilities	-	(260.5)	(260.5)
Right-of-use assets	186.6	-	186.6
Trading losses	126.3	-	126.3
Interest	116.5	-	116.5
Other	-	(33.3)	(33.3)
	<u>453.0</u>	<u>(1,465.9)</u>	<u>(1,012.9)</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

10 Taxation (continued)

The net deferred tax liability is calculated using the tax rate at which it is expected to unwind of 25%. Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered, with the exception of certain capital losses.

A deferred tax asset of £264.4m (2024: £126.3m) has been recognised in relation to trading losses carried forward of £1,057.6m (2024: £505.2m). A deferred tax asset of £260.5m (2024: £116.5m) is also recognised in relation to disallowed interest carried forward under the UK Corporate Interest Restriction of £1,042.0m (2024: £466.0m). The utilisation of these deferred tax assets is dependent upon future taxable profits, which we expect to arise through future reversals of existing taxable temporary differences. These attributes can be carried forward indefinitely.

Capital losses carried forward at 31 December 2025 are £35.2m, for which a deferred tax asset of £2.4m is recognised. No deferred tax asset is recognised in respect of £26.1m of these losses. As at 31 December 2024, capital losses were £29.3m, for which a deferred tax asset of £3.0m was recognised. No deferred tax asset was recognised at 31 December 2024 in respect of £17.3m of these losses. Capital losses are not recognised where, at the Balance Sheet date, it is not considered probable that the losses will be used.

The Group has not recognised a deferred tax asset in relation to unrealised capital losses on land. The unrealised loss on land is £1,908.2m (2024: £1,670.3m). A deferred tax asset is not recognised as it is not considered probable that the losses could be used once realised.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

10 Taxation (continued)

Deferred tax movement during the year:

	At 1 January 2025 £ m	Recognised in income £ m	Recognised in other comprehensive income £ m	Disposal of a subsidiary £ m	At 31 December 2025 £ m
Property, plant and equipment	(773.1)	136.6	-	0.7	(635.8)
Employee benefits	2.0	(0.3)	(0.1)	-	1.6
Provisions	18.6	3.6	-	-	22.2
Capital losses	3.0	(0.6)	-	-	2.4
Intangible assets	(395.9)	(5.0)	-	6.6	(394.3)
Cash flow hedges	(3.1)	0.1	12.7	-	9.7
Lease liabilities	(260.5)	(146.5)	-	(7.9)	(414.9)
Right-of-use assets	186.6	(16.4)	-	4.2	174.4
Trading losses	126.3	138.1	-	-	264.4
Interest	116.5	144.0	-	-	260.5
Other	(33.3)	1.5	-	-	(31.8)
Net tax liabilities	<u>(1,012.9)</u>	<u>255.1</u>	<u>12.6</u>	<u>3.6</u>	<u>(741.6)</u>

Deferred tax movement during the prior year:

	At 1 January 2024 £ m	Recognised in income £ m	Recognised in other comprehensive income £ m	At 31 December 2024 £ m
Property, plant and equipment	(875.1)	102.0	-	(773.1)
Employee benefits	4.7	(2.4)	(0.3)	2.0
Provisions	17.9	0.7	-	18.6
Capital losses	3.1	(0.1)	-	3.0
Intangible assets	(378.3)	(17.6)	-	(395.9)
Cash flow hedges	4.7	0.7	(8.5)	(3.1)
Lease liabilities	(214.8)	(45.7)	-	(260.5)
Right-of-use assets	182.5	4.1	-	186.6
Trading losses	69.3	57.0	-	126.3
Interest	82.9	33.6	-	116.5
Other	(33.6)	0.3	-	(33.3)
Net tax liabilities	<u>(1,136.7)</u>	<u>132.6</u>	<u>(8.8)</u>	<u>(1,012.9)</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

11 Property, plant and equipment

	Freehold properties £ m	Leasehold improvements £ m	Plant, equipment, fixtures & fittings £ m	Assets under construction £ m	Total £ m
Cost					
At 1 January 2024	8,553.1	895.5	1,547.1	55.3	11,051.0
Additions	92.2	4.0	106.9	81.7	284.8
Disposals	(13.0)	(3.6)	(209.1)	(2.5)	(228.2)
Transfers	(79.0)	14.2	64.8	-	-
Transfers from assets under construction	23.6	4.7	49.7	(78.0)	-
Reclassification to assets held for sale	(5.4)	-	-	-	(5.4)
At 31 December 2024	<u>8,571.5</u>	<u>914.8</u>	<u>1,559.4</u>	<u>56.5</u>	<u>11,102.2</u>
At 1 January 2025	8,571.5	914.8	1,559.4	56.5	11,102.2
Additions	78.8	29.2	99.4	33.5	240.9
Disposals	(743.9)	(26.9)	(338.7)	(2.6)	(1,112.1)
Transfers	(12.1)	12.1	-	-	-
Transfers from assets under construction	16.0	-	26.3	(42.3)	-
At 31 December 2025	<u>7,910.3</u>	<u>929.2</u>	<u>1,346.4</u>	<u>45.1</u>	<u>10,231.0</u>
Accumulated depreciation and impairment					
At 1 January 2024	499.1	144.7	644.8	-	1,288.6
Depreciation charge for year	190.8	52.2	262.5	-	505.5
Disposals	(7.3)	-	(201.3)	-	(208.6)
Impairment charge	293.7	40.4	38.6	-	372.7
Transfers	-	1.3	(1.3)	-	-
Reclassification to assets held for sale	(0.6)	-	-	-	(0.6)
At 31 December 2024	<u>975.7</u>	<u>238.6</u>	<u>743.3</u>	<u>-</u>	<u>1,957.6</u>
At 1 January 2025	975.7	238.6	743.3	-	1,957.6
Depreciation charge for the year	193.2	36.6	214.8	-	444.6
Disposals	(210.3)	(12.1)	(328.1)	-	(550.5)
Impairment charge	259.7	0.7	42.8	-	303.2
Transfers	(0.6)	0.6	-	-	-
At 31 December 2025	<u>1,217.7</u>	<u>264.4</u>	<u>672.8</u>	<u>-</u>	<u>2,154.9</u>
Net book value					
At 31 December 2024	<u>7,595.8</u>	<u>676.2</u>	<u>816.1</u>	<u>56.5</u>	<u>9,144.6</u>
At 31 December 2025	<u>6,692.6</u>	<u>664.8</u>	<u>673.6</u>	<u>45.1</u>	<u>8,076.1</u>
At 1 January 2024	<u>8,054.0</u>	<u>750.8</u>	<u>902.3</u>	<u>55.3</u>	<u>9,762.4</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

11 Property, plant and equipment (continued)

Investment properties

The Group acquired £39.1m of investment properties on acquisition of Asda Express (Jersey) Limited during 2023, all of which was freehold land. The cost model was applied to these investment properties and the carrying value at 31 December 2025 is £39.1m (2024: £39.1m). The Directors estimate that the fair value of these properties is materially in line with the carrying value as at 31 December 2025. This is based on there being immaterial market movements seen in commercial real estate between the last valuation date (31 October 2023) and the balance sheet date and is consistent with other valuations seen across the wider estate.

Impairment

In accordance with IAS 36, the Group has assessed whether indicators of impairment exist for each store CGU. For the year ended 31 December 2025, the Group has concluded that the Group's underperformance compared to the market is a macro indicator of impairment requiring all store CGUs to be tested for impairment.

In the prior year, and if a macro indicator did not exist, each store CGU was assessed against the following impairment triggers to determine whether there is an indicator of impairment:

- a) Negative cashflows (after allocation of all relevant central costs) generated by CGUs in the preceding twelve months
- b) Adverse cashflow performance against budget and year-on-year cashflow deterioration
- c) Specific CGU qualitative factors such as environmental damage and store closure

For each store CGU at 31 December 2025, the Group determined the recoverable amount based on the higher of fair value less cost of disposal (FVLCD) and value-in-use. The recoverable amount under fair value has been determined through a third-party valuation and the recoverable amount under value-in-use has been determined using a discounted cash flow model. The carrying value of each CGU has been assessed against the recoverable amount under both FVLCD and value-in-use and the higher of the two has been used to determine the impairment charge or reversal. For CGUs where the Group has recognised an impairment charge or reversal in the year or prior year, the recoverable amount is disclosed below.

Recoverable amount basis (across both property, plant & equipment and right-of-use assets)

	Year Ended 31 December 2025	Year Ended 31 December 2024
	£m	£m
Fair value less costs of disposal	1,399.7	789.8
Value-in-use	1,056.2	492.0
	<u>2,455.9</u>	<u>1,281.8</u>

Fair value:

For freehold and long leasehold sites a vacant possession valuation was performed with the support of external property valuers. The main assumptions in these valuations include market rental and yield. Petrol filling station (PFS) and Food service sites were valued on an income approach using predicted future cashflows.

For leasehold sites, the fair value of the CGU was determined through fair valuing both the right-of-use asset and any leasehold improvements on the site. The main assumptions in these valuations include market rental and discount rate.

The fair values are considered Level 3 fair values under IFRS 13 as the input includes both market-corroborated inputs and the entity's own data adjusted for market participant assumptions.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

11 Property, plant and equipment (continued)

Value-in-use:

The value-in-use is calculated using the following methodology:

- Estimates of future cashflow performance - the cash flow models for the grocery, clothing and general merchandising activities of the business are prepared based on the Group's five-year planning process and are extrapolated beyond five years using estimated long term average growth rate of 2%. For cashflows arising out of ASDA's fuel retailing business, the cashflow forecast includes an assumed decline in fuel sales volumes beyond the five-year forecast with an accompanying unwind of working capital over the medium term due to an expected transition to alternative fuel vehicles.
- Key assumptions in the Group's five-year planning process include the rate of Grocery sales volume growth, gross margin performance and SG&A cost inflation.

Other assumptions include:

- Discount rate - the pre-tax discount rates applied to the cash flow projections are between 8.6% and 9.9% (2024: 8.9% - 9.3%).
- Allocation of all relevant central costs and assets to each location on a reasonable and consistent basis (this excludes internally generated brands tested as part of the goodwill and other intangible assets - see note 14).
- The rate of decline in fuel sales volumes due to an expected transition to alternative fuel vehicles.
- The assumptions used in the cash flow forecasts reflect management's current climate strategy.

The Group have considered the risks and opportunities facing the business in assessing the sensitivities to the value-in-use calculation and determined that the calculation is most sensitive to change in the discount rate, Grocery volume and margin assumptions and SG&A cost inflation.

The Group also consider that the impairment calculation is sensitive to CGU fair values.

The net impairment charge of £303.2m (2024: £372.7m charge) comprises a charge of £372.0m (2024: £386.1m charge) and reversal of £68.8m (2024: £13.4m reversal). The charge in the period is primarily driven by a reduction in store performance in the year leading to a reassessment of forecast performance and hence lower risk adjusted cashflows for CGUs where value-in-use is used as the recoverable amount. The reduction in value-in-use also led to more CGUs where the fair value is the recoverable amount. The reversal is driven by sites where performance has improved compared to the prior year or the CGU value has reduced.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

11 Property, plant and equipment (continued)

Sensitivities

The sensitivities disclosed below are calculated on the combined impairment charge across property, plant and equipment and right-of-use assets for main estate stores (excluding Asda Express). The Group considers that each sensitivity is not independent and multiple sensitivities could occur concurrently leading to a greater impact on the impairment charge.

Discount rate

- For the year ended 31 December 2025, an increase in the discount rate by 1%, would result in an increase in the impairment charge of £119.2m and a decrease in the discount rate by 1%, would result in a decrease in the impairment charge of £109.4m.

Grocery sales growth rate

- For the year ended 31 December 2025, a decrease in the grocery sales growth rate of 2% in year 1 of the forecast, would result in an increase in the impairment charge of £93.2m.

Grocery margin

- For the year ended 31 December 2025, a decrease in the grocery margin of 1% in years 1 to 5 of the forecast, would result in an increase in the impairment charge of £253.5m.

SG&A cost inflation

- For the year ended 31 December 2025, an increase in SG&A costs of 2% in years 1 to 5 of the forecast, would result in an increase in the impairment charge of £365.7m.

Fair values

- For the year ended 31 December 2025, an increase in the CGU fair values by 10%, would result in a decrease in the impairment charge of £109.4m and a decrease in the CGU fair values by 10%, would result in an increase in the impairment charge of £114.1m.

Disposals

The Group disposed of net book value of assets of £561.6m (2024: £19.6m), which is predominantly due to the sale-and-leaseback transactions completed during the year (see note 9 for further details).

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025
(continued)**

12 Right-of-use assets

	Land and Buildings £ m	Plant and Equipment £ m	Total £ m
Cost			
At 1 January 2024	3,235.1	328.2	3,563.3
Additions	62.8	95.3	158.1
Disposals	(2.3)	(16.8)	(19.1)
At 31 December 2024	<u>3,295.6</u>	<u>406.7</u>	<u>3,702.3</u>
At 1 January 2025	3,295.6	406.7	3,702.3
Additions	533.1	81.2	614.3
Disposals	(76.8)	(94.5)	(171.3)
At 31 December 2025	<u>3,751.9</u>	<u>393.4</u>	<u>4,145.3</u>
Accumulated depreciation and impairment			
At 1 January 2024	373.9	132.3	506.2
Depreciation of right-of-use assets	150.3	78.7	229.0
Eliminated on disposal	(1.7)	(16.5)	(18.2)
Impairment reversal	(2.1)	-	(2.1)
At 31 December 2024	<u>520.4</u>	<u>194.5</u>	<u>714.9</u>
At 1 January 2025	520.4	194.5	714.9
Depreciation of right-of-use-assets	152.7	76.6	229.3
Eliminated on disposal	(55.0)	(85.4)	(140.4)
Impairment charge	38.4	-	38.4
At 31 December 2025	<u>656.5</u>	<u>185.7</u>	<u>842.2</u>
Net book value			
At 31 December 2024	<u>2,775.2</u>	<u>212.2</u>	<u>2,987.4</u>
At 31 December 2025	<u>3,095.4</u>	<u>207.7</u>	<u>3,303.1</u>
At 1 January 2024	<u>2,861.2</u>	<u>195.9</u>	<u>3,057.1</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

12 Right-of-use assets (continued)

The Group leases various offices, stores, warehouses, vehicles and equipment under agreements within the scope of IFRS 16.

Leases of land and buildings have various terms, escalation clauses and renewal rights, however they commonly include either a market rent review or index linked rent review with a cap and collar. The timing of when rent reviews take place differs for each lease. They have no purchase options.

In determining the impairment of right-of-use assets management have calculated the fair value of right-of-use assets using a discounted market rental approach to determine the recoverable amount of the asset. This approach requires an estimate of market rentals using assumptions on market participant demand and rental yields alongside a discount rate which is determined in line with the Group's incremental borrowing rate under IFRS 16.

The net impairment charge of £38.4m (2024: £2.1m reversal) comprises a charge of £43.3m (2024: £39.5m charge) and reversal of £4.9m (2024: £41.6m reversal). The charge in the period is driven by a reduction in value-in-use leading to more leasehold CGUs where the fair value is the recoverable amount. The reversal is driven by an increase in headroom on sites where the fair value supports the carrying value of the CGU in both years

For details of sensitivity analysis of impairment charges see note 11.

Average remaining lease term is 31 years (2024: 32 years).

Leases of plant, vehicles and equipment have various terms but typically do not include mid-term rent reviews or extension options. They have no purchase options. The average remaining lease term is 4 years (2024: 4 years).

Additions during the year relate primarily to the sale-and-leaseback of 24 properties (see note 9); renewals or modifications of previously existing leases for land and buildings; and new leases for plant, vehicles and equipment.

Additions during the prior year relate primarily to renewals or modifications of previously existing leases for land and buildings; and new leases for plant, vehicles and equipment.

For further details of lease liabilities please see note 25.

**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025
(continued)**

12 Right-of-use assets (continued)

	31 December 2025 £ m	31 December 2024 £ m
<i>Finance lease receivable</i>		
Finance lease receivable - Current	5.7	6.1
Finance lease receivable - Non-current	113.4	127.2
	<u>119.1</u>	<u>133.3</u>
<i>Future minimum undiscounted payments due:</i>		
No more than one year	10.0	11.5
Later than one year no later than two years	10.2	11.5
Later than two years no later than three years	10.1	11.7
Later than three years no later than four years	10.1	11.6
Later than four years no later than five years	9.7	11.4
Later than five years	128.2	158.0
	<u>178.3</u>	<u>215.7</u>
Less: Finance lease income allocated to future periods	<u>(59.2)</u>	<u>(82.4)</u>
Present value of minimum lease payments	<u>119.1</u>	<u>133.3</u>

The decrease in finance lease receivables during the year is predominantly due to disposals of leases with a carrying value of £10.1m. There was no gain or loss resulting from these disposals and the corresponding liabilities were derecognised.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Assets held for sale

The major classes of assets and liabilities classified as held for sale as at 31 December 2025 and 31 December 2024 are included in the table below:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Assets		
Property, plant and equipment - distribution property	14.5	16.8
Property, plant and equipment - retail property	-	1.1
Freehold land - Asda Express Limited	3.7	3.7
Goodwill allocated to assets held for sale - Asda Express (Jersey) Limited	2.9	2.9
Assets held for sale	21.1	24.5

Distribution property held for sale

At 31 December 2025, a non-operating distribution property is classified as held for sale. The property is being actively marketed and the directors anticipate sale of this property within 12 months of the Balance Sheet date. The directors estimate the fair value of this property to be £14.5m (2024: £16.8m). An impairment charge of £2.3m has been recognised during the year in relation to this property.

Retail property held for sale

During the year ended 31 December 2024, an additional property was classified as held for sale with a carrying value of £1.1m. It was determined that this asset met the criteria for being classified as held for sale and the Directors anticipated sale of this property in the twelve months following the Balance Sheet date. The property was sold during 2025.

Freehold land held for sale

During the year ended 31 December 2024, three plots of freehold land with a carrying value of £3.7m, together with an associated amount of goodwill of £2.9m, were reclassified as held for sale within current assets. It is still determined that these assets meet the criteria for being classified as held for sale and the Directors anticipate sale of these plots of land in the twelve months following the Balance Sheet date.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Intangible assets

	Brand licences £ m	Goodwill £ m	Contractual customer relationships £ m	Software and development costs £ m	Total £ m
Cost					
At 1 January 2024	1,355.8	1,182.2	112.8	214.1	2,864.9
Additions	-	7.5	-	98.4	105.9
Disposals	-	(4.8)	-	(31.4)	(36.2)
Asda Express (Jersey) Limited goodwill allocated to assets held for sale	-	(2.9)	-	-	(2.9)
At 31 December 2024	<u>1,355.8</u>	<u>1,182.0</u>	<u>112.8</u>	<u>281.1</u>	<u>2,931.7</u>
At 1 January 2025	1,355.8	1,182.0	112.8	281.1	2,931.7
Additions	-	-	-	92.8	92.8
Disposals	<u>(28.6)</u>	<u>-</u>	<u>-</u>	<u>(11.2)</u>	<u>(39.8)</u>
At 31 December 2025	<u>1,327.2</u>	<u>1,182.0</u>	<u>112.8</u>	<u>362.7</u>	<u>2,984.7</u>
Amortisation and impairment					
At 1 January 2024	-	-	32.7	69.1	101.8
Amortisation charge	1.9	-	11.3	35.4	48.6
Amortisation eliminated on disposals	-	-	-	(29.8)	(29.8)
Impairment on Asda Express (Jersey) Limited goodwill	-	3.3	-	-	3.3
At 31 December 2024	<u>1.9</u>	<u>3.3</u>	<u>44.0</u>	<u>74.7</u>	<u>123.9</u>
At 1 January 2025	1.9	3.3	44.0	74.7	123.9
Amortisation charge	1.2	-	11.3	70.9	83.4
Amortisation eliminated on disposals	<u>(3.1)</u>	<u>-</u>	<u>-</u>	<u>(10.1)</u>	<u>(13.2)</u>
Impairment on Asda Express (Jersey) Limited goodwill reclassified to assets held for sale	-	0.3	-	-	0.3
At 31 December 2025	<u>-</u>	<u>3.6</u>	<u>55.3</u>	<u>135.5</u>	<u>194.4</u>
Net book value					
At 31 December 2024	<u>1,353.9</u>	<u>1,178.7</u>	<u>68.8</u>	<u>206.4</u>	<u>2,807.8</u>
At 31 December 2025	<u>1,327.2</u>	<u>1,178.4</u>	<u>57.5</u>	<u>227.2</u>	<u>2,790.3</u>
At 1 January 2024	<u>1,355.8</u>	<u>1,182.2</u>	<u>80.1</u>	<u>145.0</u>	<u>2,763.1</u>

Contractual customer relationships comprise the George.com and Grocery Home Shopping customer lists that were acquired as part of the Asda Group business combination in the period ended 31 December 2021. Contractual customer relationships are amortised on a straight-line basis over their estimated useful life of 10 years (2024: 10 years).

Software and development costs are amortised on a straight-line basis over their estimated useful life of 4 years (2024: 4 years).

Software additions in 2025 include development costs associated with the implementation of new systems.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Intangible assets (continued)

Impairment testing goodwill and other intangible assets

The Group tests goodwill and indefinite life intangible assets annually for impairment, or more frequently if there are indications that goodwill or the other intangible assets might be impaired. Goodwill acquired in a business combination is allocated, at acquisition to the cash generating units ("CGUs") that are expected to benefit from the business combination.

Due to the nature of the operations and the way in which the underlying businesses are managed, management has determined that there are two groups of CGUs - Asda Legacy and Asda Express. The three groups of CGUs reported at 31 December 2024 were reduced to two groups of CGUs during the year. This change was driven by the fact that through the year, and partly as a result of the Arthur Foodstores Limited ("Arthur") and Asda Express Limited ("Express") trade and assets hive-up that occurred on 1 August 2025, the reporting to the CODM has changed to that of a consolidated Asda Express position and has aggregated the financial information of the old Arthur and America segments into one Asda Express line. These represent the lowest level within the entity for which information about goodwill is available and monitored for internal management purposes. Goodwill and indefinite life intangible assets arise across the Group, and are allocated specifically against the group of CGUs as follows:

- "Asda Legacy" Group of CGUs: £98.0m
- "Asda Express" Group of CGUs: £1,080.4m

George brand licence, ASDA Brand and Goodwill impairment review ("Asda Legacy" Group of CGUs)

These assets relate to the acquisition in 2021 of a perpetual licence to use the George brand in the UK and elsewhere in Europe with a carrying value of £463.8m (2024: £463.8m) and the ASDA brand which has a carrying value of £863.4m (2024: £863.4m). These brands have been tested for impairment as at 31 December 2025 in combination with other long-lived assets utilised in the ASDA and George business by assessing the present value of forecasted cash flows arising from the business. The goodwill relates to the goodwill allocated to the "Asda Legacy" Group of CGUs on the acquisition of the Asda Express (Jersey) Limited group and has a carrying value of £98.0m as at 31 December 2025. This goodwill value has been included in the long-lived assets and therefore has been tested for impairment alongside the brands and other long-lived assets mentioned above.

The recoverable amount is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

For cashflows arising out of the grocery, clothing and general merchandising activities of the business, forecasts are extrapolated beyond five years using estimated long term average growth rates. The post-tax discount rate applied to the cash flow projections is 8.5% (pre-tax 9.6%) alongside a long term growth rate of 2.0%.

For cashflows arising out of ASDA's fuel retailing business, the cashflow forecast includes an assumed decline in sales volumes beyond the five-year forecast with an accompanying unwind of working capital over the medium term due to an expected transition to alternative fuel vehicles. In line with guidance in IAS 36 relating to calculating value in use, these forecasts do not include cashflows arising out of expansionary capital expenditure. The post-tax discount rate applied to the fuel retailing cash flow projections is 8.5% (pre-tax 9.6%).

Based upon calculations performed and sensitivity analysis undertaken, management believe that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to be lower than the carrying value of the brands and other long-lived assets used in the ASDA and George business.

Goodwill allocated to the Asda Legacy Group of CGUs is not considered significant to the total carrying value of goodwill, therefore, more detailed related disclosures have not been provided.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Intangible assets (continued)

Goodwill in respect of Asda Express

During 2023, the Group acquired the entire issued share capital of Asda Express (Jersey) Limited ("AE(JL)") with goodwill arising of £922.1m and Arthur Foodstores Limited ("Arthur") with goodwill arising of £260.1m. During the current year, management have grouped these previously separate CGUs as one group of CGUs - Asda Express. During the prior year, an adjustment of £7.5m was made to the deferred consideration; a balance of £4.8m relating to assets identified for sale was disposed of during the year; £2.9m was allocated to assets held for sale and £3.3m impairment was recognised on assets reclassified as held for sale, leaving a carrying value at 31 December 2024 of £1,180.7m for Asda Express. During the year, a further £0.3m impairment was recognised on assets reclassified as held for sale, leaving the carrying value at 31 December 2025 of £1,178.4m.

The remaining goodwill attributed to the Asda Express CGU of £1,080.4m has been tested for impairment as at 31 December 2025 by assessing the present value of forecasted cash flows arising from the business.

The recoverable amount is determined based on a fair value less cost to sell calculation based on discounted cashflow approach and based on cash flow projections derived from financial budgets covering a five-year period as approved by senior management and then extended to 2045 with a terminal value applied thereafter.

Business assumptions

In 2026, the cashflows include assumptions relating to the continuing growth of the Asda Express group of CGUs, as they continue to embed within the wider group and strengthen their competitive position across the PFS sector.

In the period through to 2045, the cashflow forecast includes an assumed decline in fuel volumes with an accompanying unwind of working capital due to an expected transition to alternative fuel vehicles. This has been based on the Office for Budget Responsibility forecasts relating to the reduction in internal combustion engine vehicles on UK roads aligned to the current Zero Emission Vehicle ("ZEV") mandate and extends the forecast cash flows through to 2045. In addition, the cashflows assume concession income from electric vehicle charging partners operating electric vehicle charging on Asda Express sites in line with the forecast increases in electric vehicles based on the ZEV mandate. This assumes that all sites are suitable for conversion to electric vehicle charging by 2045 and based on technology which is already available and commercially viable today.

For grocery sales, cashflows from 2028 include assumptions around the growth in grocery sales arising from increased dwell time of customers charging electric vehicles. These assumptions are based on a combination of industry research relating to customer behaviour in relation to electric vehicle charging and the impacts that this has on customer dwell time overlaid with management's own estimates and historical experience around the incremental value of purchases which would be derived from the increased customer dwell time. There is limited evidence readily available for the impact of dwell time on grocery sales growth and as such the assumptions made here are highly judgemental, as such this assumption will continue to be monitored as more evidence over the impact of EV transition on customer behaviour becomes available.

Terminal value and discount rate

A terminal value growth rate of 2% has been used to estimate cashflows beyond the forecast period into perpetuity. This long-term growth rate has been determined by reference to the average long-term growth rate for the UK economy and is therefore, considered to reflect the view that a market participant would take.

The discount rate is based on discount rate which is specific to the forecourt retail sector. As the post-tax WACC was produced from the capital asset pricing model ("CAPM"), this was applied to post-tax cashflows. The inputs to the capital asset pricing model and the WACC calculation have been derived from comparable quoted companies. The post-tax discount rate applied to the cash flow is 8.25% (pre-tax 10.3%).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Intangible assets (continued)

The key assumptions used to calculate the recoverable amount of the Asda Express CGU include a combination of inputs which are observable from market data and inputs which are not observable from market data. As the calculation includes inputs which are not observable from market data and as the recoverable amount is sensitive to one or more of these non-observable inputs, the valuation technique adopted has been classified as Level 3 within the fair value hierarchy (2024: Level 3).

Sensitivity to changes in assumptions

At 31 December 2025, the recoverable amount exceeds the carrying value of the CGU by £475m.

Sensitivity analysis in respect of reasonably possible changes in key assumptions has been performed relating to the planned profitability of the Express business in 2026 and subsequent years; increases in grocery sales arising from the increased dwell time of customers charging their electric vehicles; and the discount rate. The below analysis is to aid understanding in how sensitive these key assumptions are to potential movements, the sensitivities have been performed in isolation.

- If there was a 10% reduction in gross profit in 2026 and each subsequent year, this would reduce the amount by which the recoverable amount exceeds the carrying value of the CGU to £57m.
- A reduction of 50% in the assumed growth in grocery sales from increased dwell time would reduce the amount by which the recoverable amount exceeds the carrying value of the CGU to £155m.
- If the post-tax discount rate was equal to 9.8%, the carrying value of the CGU would equal the recoverable amount.

As explained above, the three groups of CGUs reported at 31 December 2024 were reduced to two groups of CGUs during the year. See below the prior year sensitivity analysis, in which Arthur and Express were treated as two separate CGUs.

Sensitivity to changes in assumptions - Arthur Foodstores Limited- prior year

At 31 December 2024, the recoverable amount exceeded the carrying value of the CGU by £189m.

Sensitivity analysis in respect of reasonably possible changes in key assumptions was performed relating to the realisation of volume and margin benefits identified upon acquisition of the business by Asda; increases in grocery sales arising from the increased dwell time of customers charging their electric vehicles; and the discount rate. These sensitivities were performed in isolation.

- Of the expected acquisition synergies assumed, if only 22% were to be realised across the next two years, this would reduce the amount by which the recoverable amount exceeds the carrying value to £93m.
- A reduction of 50% in the assumed growth in grocery sales from increased dwell time would reduce the amount by which the recoverable amount exceeds the carrying value of the CGU to £116m.
- An increase in the post-tax discount rate by 100bps to 8.5% would reduce the amount by which the recoverable amount exceeds the carrying value of the CGU to £89m.

Based upon calculations performed and sensitivity analysis undertaken, management believed that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to be lower than the carrying value of the goodwill and other long-lived assets used in the Arthur business.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Intangible assets (continued)

Sensitivity to changes in assumptions - Asda Express (Jersey) Limited- prior year

At 31 December 2024, the recoverable amount exceeded the carrying value of the CGU by £188m.

Sensitivity analysis in respect of reasonably possible changes in key assumptions were performed relating to the realisation of volume and margin benefits identified upon acquisition of the business by Asda; increases in grocery sales arising from the increased dwell time of customers charging their electric vehicles; and the discount rate. These sensitivities were performed in isolation.

- If approximately 80% of planned synergies were realised across the next two years, the carrying value of the CGU would equal the recoverable amount.
- If there was a 40% reduction in assumed growth in grocery sales from increased dwell time, the carrying value of the CGU would equal the recoverable amount.
- If the post-tax discount rate increased from 7.5% to 8.1%, the carrying value of the CGU would equal the recoverable amount.

A reasonably possible change in assumptions would have lead to an impairment.

15 Inventories

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Goods held for resale	1,381.4	1,323.7
Goods not held for resale	2.2	2.2
	1,383.6	1,325.9

Included within the cost of goods sold figure disclosed in note 4 is an amount of £609.5m relating to the cost of inventory written off or provided for in the year. This primarily includes the cost of store inventory loss recorded through physical counts, store waste and provisions where the net realisable value of inventory is estimated to be below cost.

For the year ended 31 December 2024, the cost of inventory written off or provided, calculated on the same basis as the disclosure for the current year, is £551.0m.

The 2024 amount disclosed for the cost of inventory written off in the financial statements for the year ended 31 December 2024 of £614.4m included the cost of store inventory loss recorded through physical counts and store waste (as included in the current year figure) along with the cost of price changes relating to non-food inventory clearance. The current year and restated prior year comparative includes the carrying value of provisions for excess and obsolete inventory - which predominantly relate to non-food products - to represent the cost of non-food inventory write-offs. Management has updated the calculation in this way because as described in note 1, following the implementation of new store systems, the Group has updated how the weighted average cost of store inventory is calculated. As part of this, retail price changes are no longer immediately reflected in the carrying value of inventory so including these provisions in the inventory write offs figure is required to ensure completeness of the current year figure and restatement of the prior year comparative to align with the current year calculation enables comparability.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

16 Trade, other receivables and derivative assets

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Trade receivables	142.0	135.2
Allowance for expected credit losses	(2.9)	(2.5)
Other receivables	110.6	87.8
Prepayments and accrued income	81.1	96.3
Current derivative assets	0.9	12.9
	<u>331.7</u>	<u>329.7</u>
Amounts due from fellow wholly owned subsidiaries of the ultimate parent undertaking		
Current	5.8	5.8
Non-current	865.7	799.9
	<u>871.5</u>	<u>805.7</u>
Amounts due from the ultimate parent undertaking		
Current	5.0	4.6
Derivative assets		
Non-current	29.1	8.7

Trade receivables are non interest-bearing and are generally on 30 day terms. Trade receivable balances have been assessed to determine the value of expected credit losses ("ECLs") using the simplified approach in IFRS 9.

Trade receivables are presented net where a legally enforceable right of set off exists. The Group routinely recovers receivables from suppliers with which a legal right of offset exists by settling payables with those suppliers on a net basis at the earliest point following the balance sheet date at which payables of a value equal to or in excess of the receivable amount are due for settlement. Included in the above is an offset of £55.7m (2024: £177.2m). The trade receivable prior to the offset is £197.7m (2024: £312.4m).

Other receivable balances have been assessed to determine the value of ECLs as per the requirements of IFRS 9 and the impact is less than £0.1m (2024: less than £0.1m).

The Group considers its trade and other receivables in default when contractual payments are 90 days past due and recovery is considered improbable. However, in certain cases, the Group may also consider a trade or other receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A trade or other receivable is written off to the Consolidated Income Statement when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

16 Trade, other receivables and derivative assets (continued)

The non-current amounts due from fellow wholly-owned subsidiaries of the ultimate parent undertaking balance of £865.7m (2024: £799.9m) have arisen largely from the sale-and-leaseback transaction that occurred in 2021, as properties owned by the Group were sold to a fellow wholly-owned subsidiary of the ultimate parent undertaking in exchange for a receivable balance for which the counterparty is Bellis Midco 2 Limited - an intermediate parent of the Group and a fellow wholly-owned subsidiary of the ultimate parent, which itself owns a 100% interest in the Group. During the year, the terms of this receivable were extended to 23 June 2031 and the interest rate was increased from 3.45% to 4.25%. In accordance with IFRS 9, this is a modification of the existing receivable and a modification gain was recognised of £38.1m. See note 28 for further detail.

In order to assess the probability of default and to determine the value of expected credit losses in respect of the Group's intercompany receivables, the directors have modelled an orderly settlement of all intercompany balances between entities within the Group and entities outside the Group which are fellow wholly-owned subsidiaries of the ultimate parent.

This analysis is based on the directors' forecast of future cashflows. Downside sensitivities to the base case assumptions within this forecast have been modelled and in all plausible scenarios, the value of cashflows realised is sufficient to enable full and orderly settlement of all balances. As such, the directors have determined that the probability of default in relation to the Group's intercompany receivables is remote and the impact of expected credit losses is immaterial. Accordingly, the carrying value of the Group's expected credit losses provision in respect of intercompany receivables is less than £0.1m (2024: less than £0.1m).

As at 31 December 2025, trade receivables at nominal value of £2.9m were impaired and fully provided for (2024: £2.5m). Movements in the allowance for expected credit losses in the year were as follows:

	31 December 2025 £ m	31 December 2024 £ m
At beginning of year	2.5	1.2
Charge for the year	2.0	4.3
Provision utilised during the year	(0.8)	-
Unused amounts reversed during the year	(0.8)	(3.0)
At end of year	<u>2.9</u>	<u>2.5</u>

17 Cash and cash equivalents

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Cash in hand, cash equivalents and bank balances	177.5	168.9
Money market funds and deposits	1,161.5	654.6
	<u>1,339.0</u>	<u>823.5</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

17 Cash and cash equivalents (continued)

Money market funds, cash equivalents and deposits are readily available on demand.

At 31 December 2025, electronic payments to suppliers of the Group which were approved prior to or on the Balance Sheet date and were settled on the first and second working day after the Balance Sheet date totalled £116.4m (2024: £168.9m). As such, the amendment to IFRS 9, which is effective from 1 January 2026, would have resulted in an increase in Cash and cash equivalents of £116.4m (2024: increase of £168.9m), and an increase in Trade and other payables of £116.4m (2024: increase of £168.9m) compared to the amounts reported in the Consolidated Balance Sheet.

18 Trade, other payables and derivative liabilities

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Trade payables	4,234.7	3,686.9
Other taxes and social security	178.9	173.5
Other payables	210.1	212.7
Accrued expenses	462.6	456.7
Current derivative liabilities	30.2	4.1
	<u>5,116.5</u>	<u>4,533.9</u>
Amounts owed to fellow wholly owned subsidiaries of the ultimate parent undertaking		
Current	<u>5.4</u>	<u>13.5</u>
Amounts owed to the ultimate parent undertaking		
Current	<u>0.5</u>	<u>0.5</u>
Derivative liabilities		
Non-current	<u>14.5</u>	<u>55.7</u>
Shareholder loan		
Non-current	<u>510.7</u>	<u>457.2</u>

The Group has established trading terms with suppliers which are appropriate to the particular relationship and product supplied. Whenever an order is placed the parties will be aware of the payment terms and it is the Group's policy to abide by these terms when satisfactory invoices have been received.

Trade payables are presented net where a legally enforceable right of offset exists. Included in the above is an offset of £55.7m (2024: £177.2m). The trade payables balance prior to the offset is £4,290.4m (2024: £3,864.1m).

Included within accruals is an amount of £114.2m (2024: £90.4m) in relation to interest accrued on external borrowings (see note 20 for further details on external borrowings).

The £510.7m non-current shareholder loan balance (2024: £457.2m) comprises of a £473.6m subordinated shareholder loan which compounds yearly in May (2024: £401.0m) used to partially fund the acquisition of Asda Express (Jersey) Limited and £37.1m interest accrued on this balance (2024: £56.2m). This loan has a maturity of May 2033 and attracts an interest rate of 11.94%.

For terms and conditions relating to amounts owed to related parties, refer to note 28.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments

Financial assets and liabilities

The carrying value and classification of financial assets and liabilities are disclosed in the following tables. All financial assets and liabilities are classified as Level 2 within the fair value hierarchy.

	Note	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
<i>Non-interest-bearing financial assets at amortised cost</i>			
Trade receivables	16	139.1	132.7
Other receivables	16	110.6	87.8
		<u>249.7</u>	<u>220.5</u>
<i>Non-current interest-bearing financial assets at amortised cost</i>			
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	16	865.7	799.9
<i>Current non-interest-bearing financial assets at amortised cost</i>			
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	16	5.8	5.8
Amounts due from the ultimate parent	16	5.0	4.6
<i>Non-current non-interest-bearing financial assets at amortised cost</i>			
Other non-current assets	20	6.5	8.9
<i>Current derivatives designated as hedging instrument</i>			
Forward contracts	16	0.9	12.9
<i>Non-current derivatives designated as hedging instruments</i>			
Forward contracts	16	0.3	8.4
Cross-currency interest rate swaps	16	28.8	0.3
<i>Other financial assets</i>			
Cash and cash equivalents	17	<u>1,339.0</u>	<u>823.5</u>
Total financial assets		<u><u>2,501.7</u></u>	<u><u>1,884.8</u></u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

As at 31 December 2025 and 31 December 2024, all of the Group's interest-bearing financial assets were denominated in Sterling at fixed rates of interest. The interest rate of interest-bearing receivables is 4.25% (2024: 3.45%). Amounts due from fellow wholly-owned subsidiaries of the ultimate parent are disclosed in note 28.

Movements in receivables arising from financing activities

During the current year, movement in non-current interest-bearing amounts due from fellow wholly-owned subsidiaries of the ultimate parent was driven by interest of £27.7m which has been charged on the balance and a gain on modification of £38.1m. The modification gain arose on the intercompany receivable due from Bellis Midco 2 Limited after extending the maturity from 23 June 2026 to 23 June 2031 and increasing the interest rate from 3.45% to 4.25%. Total carrying value of receivables due from Bellis Midco 2 Limited at 31 December 2025 is £865.7m (2024: £799.9m).

Non-interest-bearing amounts due from the ultimate parent and fellow wholly-owned subsidiaries of the ultimate parent comprise amounts due from Bellis Topco Limited of £5.0m (2024: £4.6m), Bellis Topco 2 Limited of £4.7m (2024: £4.7m), Bellis Midco 4 Limited of £0.8m (2024: £0.7m), Bellis Midco 2 Limited £0.1m (2024: £0.2m), Bellis Noncore 2 Limited £0.1m (2024: £0.1m) and Bellis Holdco Limited of £0.1m (2024: £0.1m) relating to fees paid by the Group on their behalf of these entities.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

	Note	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
<i>Non-interest-bearing financial liabilities at amortised cost</i>			
Trade payables	18	4,234.7	3,686.9
Other payables	18	210.1	212.7
Accrued expenses	18	462.6	456.7
		<u>4,907.4</u>	<u>4,356.3</u>
<i>Current derivative liabilities designated as hedging instrument</i>			
Forward contracts	18	30.2	2.7
Interest rate swaps	18	-	1.4
<i>Non-current derivative liabilities designated as hedging instruments</i>			
Forward contracts	18	3.6	-
Cross-currency interest rate swaps	18	10.9	55.7
<i>Current non-interest-bearing financial liabilities at amortised cost</i>			
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent	18	5.4	13.5
Amounts due to the ultimate parent	18	0.5	0.5
<i>Non-current interest-bearing financial liabilities at amortised cost</i>			
Shareholder loan	18	510.7	457.2
<i>Current interest-bearing borrowings</i>			
Borrowings	20	3.4	7.4
Lease liabilities	25	145.3	152.3
<i>Non-current interest-bearing borrowings</i>			
Borrowings	20	4,785.6	4,897.0
Lease liabilities	25	4,038.0	3,640.5
Total financial liabilities		<u>14,441.0</u>	<u>13,584.5</u>

As at 31 December 2025 and 31 December 2024, the Group held borrowings and a shareholder loan in both Sterling and Euro at fixed and variable rates of interest. The interest rate of interest-bearing borrowings is between 0.5% and 11.94% (2024: 0.5% - 11.94%). This comprises external borrowings, amounts owed to fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent and lease liabilities. Details of obligations under leases are included in note 25.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Movements in liabilities arising from financing activities

During the prior year and current year, the Group entered into refinancing exercises which resulted in the repayment of the majority of the Group's debt which had arisen in 2021 to finance the acquisition of ASDA Group Limited and was due to mature in 2026 and 2027. This was financed by the issuance of new debt instruments which mature in 2030 and 2031 (see note 20 for further detail) and by cash on hand. Other external borrowings outstanding at 31 December 2025 and 31 December 2024 are loans entered into to finance the acquisition of ASDA Express (Jersey) Limited.

During the prior year, the Group extended the Revolving Credit Facility (RCF) which was entered into in a previous year, from a limit of £667.3m to a limit of £792.7m. The RCF matures in October 2028. The carrying amount of RCF fees at 31 December 2025 was £6.5m (2024: £8.9m), which includes £6.2m in relation to the RCF extension entered into during the prior year. Amortisation of £2.4m (2024: £2.8m) was charged in the year and is included in external interest payable.

The £510.7m non-current shareholder loan balance (2024: £457.2m) comprises of a £473.6m subordinated shareholder loan which compounds yearly in May (2024: £401.0m) used to partially fund the acquisition of Asda Express (Jersey) Limited and £37.1m interest accrued on this balance (2024: £56.2m). This loan has a maturity of May 2033 and attracts an interest rate of 11.94%.

Total lease cash outflow in the year was £422.2m (2024: £394.9m). Amounts included in financing activities in the cash flow statement are cash payments for the principal portion of the lease liability £164.7m (2024: £153.0m) and cash payments for the interest portion of the lease liability of £233.4m (2024: £217.0m). £24.1m (2024: £24.9m) has been included in operating activities in the cash flow statement and relates to short term and variable lease expenses. Movements in lease liabilities are a predominantly a result of these lease cash outflows, offset by additions, lease modifications and interest expenses charged relating to lease liabilities. A further driver during the year is the sale-and-leaseback transaction completed during the year. See notes 9 and 25 for further details.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

The following tables show the movements during the current year and prior year relating to borrowings, the shareholder loan and amounts due to fellow wholly-owned subsidiaries of the ultimate parent:

Year ended 31	Drawdowns (net of fees)	Cash repayments	Amortisation of capitalised fees	Accrued interest	Reclassification of current borrowings	Other	Closing balance
	£m	£m	£m	£m	£m	£m	£m
December 2025							
<i>Current liabilities</i>							
Borrowings	-	7.4	-	-	(3.4)	-	(3.4)
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent	-	6.1	-	-	-	2.0	(5.4)
Amounts due to the ultimate parent	-	-	-	-	-	-	(0.5)
<i>Non-current liabilities</i>							
Borrowings	(586.9)	802.1	(24.6)	-	3.4	(82.6)	(4,785.6)
Shareholder loan	-	-	-	(53.5)	-	-	(510.7)

On 1 July 2025, the Group entered into new €700.0m Euro Senior Secured Notes and repaid existing borrowings. See Note 20 for further details. Other movements in non-current borrowings relate to foreign exchange movements relating to Euro denominated borrowings. Within amortisation of capitalised fees is a charge of £7.1m, which relates to accelerated amortisation of capitalised fees on borrowings that were repaid during the year.

Year ended 31	Drawdowns (net of fees)	Cash repayments	Amortisation of capitalised fees	Accrued interest	Reclassification of current borrowings	Other	Closing balance
	£m	£m	£m	£m	£m	£m	£m
December 2024							
<i>Current liabilities</i>							
Borrowings	-	22.7	-	-	(7.4)	-	(7.4)
Amounts due to fellow wholly-owned subsidiaries of the ultimate parent	-	-	-	-	-	(3.6)	(13.5)
Amounts due to the ultimate parent	-	-	-	-	-	(0.5)	(0.5)
<i>Non-current liabilities</i>							
Borrowings	(2,971.6)	3,149.5	(42.1)	-	7.4	100.3	(4,897.0)
Shareholder loan	-	-	-	(48.2)	-	0.1	(457.2)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Included within other movements was a £26.6m gain on modification in relation to the Apollo facility (see note 20 for further details), a £24.8m gain on repayment of Senior Secured Notes (see note 20 for further details) and foreign exchange movements in relation to Euro denominated debt.

Amortisation of capitalised fees on non-current borrowings during the prior year included accelerated amortisation of capitalised fees on the Senior Secured Notes and Sterling Senior Secured Notes, which were substantially repaid as part of the refinancing activity completed on 14 May 2024.

Security pledged

On 12 February 2021, the Group pledged certain assets as security for the indebtedness of parent undertakings in the form of a first-ranking charge over certain material bank accounts, material amounts due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent, the shares owned by the Group in ASDA Stores Limited, McLagan Investments Limited and The Burwood House Group Limited, and a first-ranking floating charge over all present and future assets (other than customarily excluded assets) of ASDA Group Limited, ASDA Stores Limited, McLagan Investments Limited and The Burwood House Group Limited.

Part of the security pledged is in relation to some of the Group's existing supply chain finance agreements in the form of fixed and floating charges over certain of the Group's assets. There were no other changes to the terms of these supply chain finance agreements which impact on the nature of amounts owed to the bank under these arrangements. Given consideration of this and the other factors set out in note 1, the Directors have concluded that the substance of the Group's liabilities under all supply chain financing agreements remain consistent overall with that of a trade payable and accordingly will continue to be accounted for and classified as trade payables.

On 20 December 2023, Asda Propco Limited, a subsidiary of the group, entered into a £400m loan facility agreement as part of a Corporate Ground Rent transaction. The loan facility is split into Tranche A and Tranche B with amounts of £275.0m and £125.0m respectively. As part of this transaction 55 store properties, including leases back to Asda Stores Limited as tenant, have been transferred into Asda Propco Limited and a first floating charge over all property and assets of Asda Propco Limited has been granted to the lenders. On 25 April 2024, 5 properties were transferred out of the structure and 8 properties were substituted in to meet the completion conditions stated in the loan agreement.

On 10 May 2024 the Group entered into a supplemental security agreement to a security agreement originally dated 12 February 2021 as amended, supplemented from time to time and to the relevant material real property charge as amended and/or supplemented from time to time (the "Existing Security Agreement") as part of the refinancing of the Senior Secured Notes and the Term Loan Facilities issued by Bellis Acquisition Company PLC. The supplemental security agreement confirms the security interests created under the Existing Security Agreement, and creates lower ranking security interests over the same assets under the Existing Security Agreement which include Material Bank Accounts, Assigned Agreements, Real Property in England and Wales and an all-asset floating charge to secure their obligations under those instruments.

On 1 July 2025, the Group entered into a supplemental security agreement to a security agreement originally dated 12 February 2021 as amended, supplemented from time to time and to the relevant material real property charge as amended and/or supplemented from time to time (the "Existing Security Agreement") as part of the refinancing of the Senior Secured Notes issued by Bellis Acquisition Company PLC. The supplemental security agreement confirms the security interests created under the Existing Security Agreement, and creates lower ranking security interests over the same assets under the Existing Security Agreement which include Material Bank Accounts, Assigned Agreements, Real Property in England and Wales and an all-asset floating charge to secure their obligations under those instruments.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Fair values of financial assets and financial liabilities

The Group measures the fair value of its financial instruments by reference to the fair value hierarchy in IFRS 13 'Fair Value Measurement':

- Level 1 - using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group classifies all financial liabilities at Level 2 in the fair value hierarchy. At 31 December 2025, the Group did not have any assets or liabilities classified at Level 3 (2024: none).

The Group's principal financial instruments during the year comprised cash, cash equivalents, external borrowings, amounts due to fellow wholly-owned subsidiaries of the ultimate parent and amounts due from fellow wholly-owned subsidiaries of the ultimate parent, derivatives classified as hedges and lease liabilities. Other financial assets and liabilities, such as trade receivables, other receivables, trade payables, other payables, and accruals arise directly from the Group's operating activities. Set out in the table below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments. This table excludes trade receivables, other receivables, trade payables, other payables, accruals, amounts due from fellow wholly-owned subsidiaries of the ultimate parent, amounts due to fellow wholly-owned subsidiaries of the ultimate parent and lease liabilities as the carrying value reasonably approximates to the fair value of these financial instruments. Derivative instruments are also excluded as the carrying value equals fair value at the year end.

	Year ended 31 December 2025		Year ended 31 December 2024	
	Carrying Value £m	Fair Value £m	Carrying Value £m	Fair Value £m
Non-current interest-bearing borrowings				
External borrowings	4,785.6	4,501.6	4,897.0	4,707.1
Current interest-bearing borrowings				
External borrowings	3.4	3.3	7.4	7.6

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

External borrowings

For listed and traded instruments (i.e. Senior Secured Notes, Senior Unsecured Notes, Euro Term Loan B and Euro Senior Secured Notes) over-the-counter prices are used to determine the fair value (Level 2). For unlisted instruments the fair value is estimated by discounting the future contracted cash flow using prevailing interest rates to net present value (Level 2).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Derivatives

Forward contracts - these derivatives are measured at fair value by estimating the future settlement rates of forward contracts entered into and are split between in-the-money (assets) and out-of-the-money (liabilities). At 31 December 2025, the Group held £1.2m (2024: £21.3m) in-the-money assets, and £33.8m (2024: £2.7m) out-of-the-money liabilities in respect of its forward contracts. During the year, the Group recognised net gains on revaluation of hedged monetary liabilities from historical cost to period-end spot rate of £10.1m (2024: £0.8m loss). The fair values of the Group's financial derivatives have been calculated at the observable unquoted interest rates and are categorised as Level 2 within the fair value hierarchy.

Cross-currency interest rate swaps - these derivatives are measured at fair value using a swap valuation model. The model incorporates various observable market inputs (Level 2) including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. The model incorporates a credit valuation adjustment attributable to derivative counter-party default risk. These derivatives are measured at fair value by estimating the future settlement rates of cross-currency interest rate swaps entered into and are split between in-the-money (assets) and out-of-the-money (liabilities). At 31 December 2025, the Group held £28.8m (2024: £0.3m) in-the-money assets and £10.9m (2024: £55.7m) out-of-the-money liabilities in respect of its cross-currency interest rate swaps.

Interest rate swaps - these derivatives were measured at fair value using a swap valuation model. The model incorporated various observable market inputs (Level 2) including the credit quality of counterparties and interest rate curves. The model incorporated a credit valuation adjustment attributable to derivative counter-party default risk. These derivatives were measured at fair value by estimating the future settlement rates of interest rate swaps entered into and are either in-the-money (assets) or out-of-the-money (liabilities). On 16 November 2025, the interest rate swaps matured and at 31 December 2025, the Group held £nil (2024: £1.4m) out-of-the-money liabilities in respect of its interest rate swaps.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Financial risk management

Market risks

In the ordinary course of the Group's business, it is exposed to a variety of market risks arising in relation to its financial assets and liabilities, including interest rate risk, foreign currency risk and capital risk. The Group has a risk management programme in place through which it seeks to mitigate the adverse effects of these market risks. In addition, the Group hedges interest and exchange rate exposure on foreign currency debt obligations and hedges interest rate risk on a proportion of its loan facilities with interest rates linked with SONIA. The Group does not enter into financial instruments for trading or speculative purposes.

Interest rate risk

The Group is exposed to interest rate risk on its floating rate liabilities (based on SONIA and EURIBOR) primarily composed of the Senior Facilities, which consist of the Revolving Credit Facility, Term Loan A, Term Loan B and an additional Term Loan ("Apollo Facility") entered into to fund the acquisition of Asda Express (Jersey) Limited. The EURIBOR interest rate risk on Term Loan B and foreign exchange rate risk on the Euro Senior Secured Notes are hedged through entering into cross-currency interest rate swaps to fix a proportion of the interest payments in pound sterling at rates between 8.64% - 10.14%. The SONIA interest rate risk on the Term Loan was hedged through entering into interest rate swaps to fix a proportion of the interest payments at a fixed interest rate between 4.75% - 4.78% which expired on 16 November 2025. Interest on the Senior Secured Notes is charged at a fixed rate of 8.13%. The interest on Senior Unsecured Notes was 4.0% and was repaid on 1 July 2025.

The Group, after the impact of hedge accounting, is exposed to possible changes in SONIA on its outstanding floating rate loans (Term Loan A, a proportion of the Apollo Facility and a proportion of Term Loan B). It is anticipated that a 0.5% increase in the SONIA rate would give rise to an annualised increase in 2025 loss before tax of £3.6m (2024: £1.4m).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Foreign currency risk

Forward currency hedging contracts

The Group purchases goods and services denominated in currencies other than Sterling. Cash flows can be affected by movements in exchange rates, primarily US Dollars and Euros. Some purchases in US Dollars are managed using forward contracts.

The Group implements hedge accounting and has forward currency hedging contracts outstanding at 31 December 2025, designated as hedges of expected future purchases from suppliers in US dollars. The forward currency contracts are being used to hedge the foreign currency risk of future purchases. The terms of the forward currency hedging contracts have been negotiated to match the terms of the commitments and none exceed a period of more than 18 months after 31 December 2025. Amounts recognised in other comprehensive income are transferred to the Consolidated Income Statement when the hedged transaction affects profit or loss.

The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 December 2025, a net unrealised loss of £13.8m (2024: £13.8m gain) was included in the hedge reserve in respect of hedging contracts. The net loss recognised in other comprehensive income during the year in respect of these hedging contracts was £27.6m (2024: £26.0m gain). This consists of a £27.5m loss (2024: £23.6m gain) on not-yet-matured contracts during the year, £9.3m of gain reclassified to the Consolidated Income Statement during the year (2024: £11.1m loss) and a £9.2m taxation credit (2024: £8.7m charge).

Under the Group's hedging policy, forward currency contracts can be used for both goods for resale and goods not for resale. The only items for which forward currency contracts are in place as at 31 December 2025 are forecast purchases of goods for resale. The Group hedges up to 100% of forecast cash flows. Gains and losses attributable to forward contracts are transferred to cost of goods sold. Forward contracts entered into which are not in line with forecast cash flows would be the principal source of hedge ineffectiveness. No instances of this have occurred during the year, therefore, amounts recognised in the Consolidated Income Statement in relation to ineffective forward contract hedges is £nil (2024: £nil).

At 31 December 2025, the Group held £1,180.3m (2024: £1,181.3m) of outstanding forward foreign currency contracts, designated as cash flow hedges. These forward contracts are largely in relation to purchases of US Dollars (notional \$1,454.9m) and Euros (notional €80.0m) with varying maturities up to June 2027. For the above currencies the rates ranged from USD/GBP from 1.213 to 1.373 (2024: 1.211 to 1.332) and Euro/GBP 1.127 to 1.145 (2024: 1.193 to 1.207).

As the Group manages much of its foreign currency exposure using forward currency contracts, changes in exchange rates are not expected to have a significant impact on short-term profitability or cash flow. It is anticipated that a 5% movement in the US Dollar/Sterling and Euro/Sterling exchange rate, which represents management's assessment of a reasonably possible change, would give rise to a movement in the cash flow hedge reserve of £45.3m (2024: £43.8m).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Commodity price risk

The Group is exposed to commodity price risk on the purchase of gas and electricity denominated in GBP due to the volatility in pricing. Some purchases of gas and electricity for use in the Group are managed using forward contracts.

During the year, the Group implemented hedge accounting for gas and electricity and has forward commodity hedging contracts outstanding at 31 December 2025, designated as hedges of expected future purchases of gas and electricity in denominated in GBP. The forward commodity contracts are being used to hedge the commodity price risk of future purchases. The terms of the forward currency hedging contracts have been negotiated to match the terms of the commitments and none exceed a period of more than 24 months after 31 December 2025. Amounts recognised in other comprehensive income are transferred to the Consolidated Income Statement when the hedged transaction affects profit or loss.

The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 December 2025, a net unrealised loss of £2.6m was included in the hedge reserve in respect of these hedging contracts. This consists of a £3.5m loss on not-yet-matured contracts during the year and a £0.9m taxation credit.

At 31 December 2025, the Group held £50.8m of outstanding forward commodity hedging contracts, designated as cash flow hedges.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Cross-currency swap

The Group has entered into a floating rate Euro denominated Term Loan B and fixed rate Euro denominated Euro Senior Secured Notes. The non-GBP interest and principal repayment cash flows from the Euro debt agreements expose the Company to fluctuations in foreign exchange rates that impact the Consolidated Income Statement.

Under the Group's hedging policy, the Group hedges both the foreign exchange and interest rate risk associated with a portion of the Group's existing, Euro foreign-currency denominated debt using EUR-GBP cross currency interest rate swap contracts to effectively eliminate variability in the Group's functional currency equivalent cash flows due to variability in the EUR-GBP exchange rate and eliminate the majority of the variable interest rate variability (74%). The hedge ratio is 100% on a current notional basis. The Group has excluded from the cross-currency interest rate swap both the time value and currency basis elements of the cross-currency interest rate swap. Ineffectiveness could arise from movements in counterparty credit spread, the non-zero fair value at the hedge designation date due to market changes that have occurred since the instrument's inception and changes to critical terms (e.g. reset dates, index mismatches, payment dates). To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the change in fair value of the hedged items attributable to the hedged risks. The amounts recognised in the Consolidated Income Statement for the period ended 31 December 2025 relating to ineffectiveness and excluded items was £1.0m (2024: £1.6m).

At 31 December 2025, the Group holds cross-currency interest rate swaps (CCIRS) with a total nominal value of €2,170.0m, designated as cash flow hedges. In May 2024, as part of the refinancing exercise completed, the Group entered into additional CCIRSs with an expiration date of 14 May 2027 with the same counterparty banks as the previous CCIRSs. In December 2024, the Group entered into further CCIRSs with an expiration date of 14 May 2027 following a further drawdown on the Term Loan B facility. In July 2025, the Group entered into further CCIRSs with an expiration date of 5 July 2028 after entering into Euro Senior Secured Notes of €700m. These swaps result in a fixed GBP interest rate ranging from 8.64% to 10.14% and EUR/GBP rate of 1.141 - 1.215.

The CCIRSs were assessed to be highly effective and as at 31 December 2025, a net unrealised loss of £10.3m (2024: £1.0m gain) was included in the hedge reserve in respect of these swaps. The net loss recognised in the cash flow hedge reserve during the year in respect of these swaps was £11.3m (2024: £2.1m loss). This consists of a £49.7m gain reclassified to the Consolidated Income Statement during the year (2024: £55.1m loss), a £35.4m gain (2024: £58.7m loss) on the fair value of the swaps at period end and a taxation credit of £3.0m (2024: £1.5m credit).

The value of the CCIRSs are sensitive to movements in EURIBOR and EUR/GBP exchange rates. A 0.5% change in EURIBOR results in a £4.1m (2024: £8.4m) change in value of the CCIRSs and a 5% change in the EUR/GBP exchange rates results in a £105.0m (2024: £67.7m) change in the value of the CCIRSs. The amounts charged to the Consolidated Income Statement are not sensitive to a change in interest rates. A 5% increase in the FX rate increases the amount of ineffectiveness by £nil (2024: £0.4m).

Interest rate swaps

Up to November 2025, the Group had interest rate swaps to hedge the interest rate risk on the Term Loan. The variable interest rate exposed the Group to interest rate fluctuations that could have impacted the consolidated Income Statement.

On 16 November 2025, the interest rate swaps (IRSs) expired and the Group no longer holds interest rate swaps. At 31 December 2024, the Group held IRSs with a total nominal value of £540.0m, designated as cash flow hedges. The hedge ratio was on a 79% current notional basis. These swaps resulted in a fixed GBP interest rate ranging from 10.50% to 10.53%.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

The IRSs were assessed to be highly effective and as at 31 December 2024, a net unrealised loss of £1.0m was included in the hedge reserve in respect of these swaps in the prior year. The net gain recognised in other comprehensive income during the prior year in respect of these swaps was £3.8m. This consisted of a £2.0m gain reclassified to the Consolidated Income Statement during the prior year, a £7.1m gain on the fair value of the swaps at year end and a taxation charge of £1.3m. As at 31 December 2025, the unrealised loss of £1.0m has been reclassified to the Consolidated Income Statement on maturity of the swaps.

Credit risk

The maximum credit risk exposure relating to financial assets is included in their carrying value as at the Balance Sheet date. See note 16 for further information on trade receivables and amounts due from fellow wholly-owned subsidiaries of the ultimate parent and details of recoverability.

The Group has established procedures to minimise the risk of default in relation to trade receivables including detailed credit checks undertaken before a customer is accepted.

Surplus cash is placed in both short-term deposits and money market funds with various global financial institutions. This is managed by the Group Treasury function which actively monitors the market in order to identify the best terms of deposit in keeping with internal objectives. This includes monitoring the credit rating of counterparties and investing in accordance with our internal policy. Counterparty credit limits are reviewed on a monthly basis, and may be updated throughout the financial year. The limits are set to minimise the concentration of risk and are set taking into account the type of financial asset and the credit rating of the financial institution.

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent have been considered in relation to the expected credit losses model under IFRS 9 and the impact is not material. As such, the provision for expected credit losses is less than £0.1m (2024: less than £0.1m).

Liquidity risk

The Group's Treasury function ensures that the Group continues to have sufficient funding by monitoring rolling forecasts of the Group's cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility using operating cash flows and amounts owed to and due from fellow wholly-owned subsidiaries of the ultimate parent and the ultimate parent. At 31 December 2025, the RCF and overdraft facilities are unutilised.

At 31 December 2025, the Group held cash of £1,339.0m (2024: £823.5m) to secure short-term flexibility. The amount of financing facilities available at the year end are disclosed below:

	Utilised at 31 December 2025 £ m	Remaining at 31 December 2025 £ m	Utilised at 31 December 2024 £ m	Remaining at 31 December 2024 £ m
Committed overdraft facilities	-	5.0	-	5.0
Revolving credit facilities	-	792.7	-	792.7
Standby credit facilities - bonds	-	141.3	-	198.8
Supply chain financing facilities	438.3	141.8	477.6	115.7
Working capital facilities	75.3	0.3	73.1	2.5

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The disclosed forward contracts are the gross undiscounted cash flows. However, these amounts may be settled gross or net.

	Within 1 year £ m	Between 1 and 5 years £ m	After 5 years £ m	Total £ m
Year ended 31 December 2025				
External borrowings	365.3	3,915.4	2,722.5	7,003.2
Lease obligations	404.5	1,460.1	7,913.6	9,778.2
<i>Financial derivatives</i>				
Forward contracts	957.2	273.9	-	1,231.1
Cross-currency interest rate swaps	40.4	6.5	-	46.9
Trade and other payables	4,907.4	-	-	4,907.4
Amounts owed to fellow wholly-owned subsidiaries of the ultimate parent	5.4	-	-	5.4
Amounts owed to the ultimate parent	0.5	-	-	0.5
Shareholder loan	-	-	1,052.1	1,052.1
	<u>6,680.7</u>	<u>5,655.9</u>	<u>11,688.2</u>	<u>24,024.8</u>
Year ended 31 December 2024				
External borrowings	370.2	3,022.2	4,002.3	7,394.7
Lease obligations	373.6	1,267.7	6,671.5	8,312.8
<i>Financial derivatives</i>				
Forward contracts	949.4	231.9	-	1,181.3
Cross-currency interest rate swaps	26.6	35.8	-	62.4
Interest rate swaps	1.4	-	-	1.4
Trade and other payables	4,356.3	-	-	4,356.3
Amounts owed to fellow wholly-owned subsidiaries of the ultimate parent	13.5	-	-	13.5
Amounts owed to the ultimate parent	0.5	-	-	0.5
Shareholder loan	-	-	860.0	860.0
	<u>6,091.5</u>	<u>4,557.6</u>	<u>11,533.8</u>	<u>22,182.9</u>

Capital risk management

The Group is subject to the risk that its capital structure may not be sufficient to support the growth of its business and maintain its existing credit rating. The capital structure of the Group consists of debt obligations (including the Senior Facilities, the Senior Secured Notes and Term Loans) and equity (issued share capital, share premium and reserves).

Part of the Group's capital risk management strategy is to monitor a broad range of financial metrics and manage compliance with financial covenants relating to the Group's debt obligations. As at 31 December 2025, there have been no breaches of financial covenants.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Supply Chain Finance arrangements

As detailed in note 1, included within trade, other payables and derivative liabilities are amounts owed to third parties under Supply Chain Finance (“SCF”) arrangements. The Group is party to three different SCF agreements with third party banks in relation to trade payables arising out of purchases of imported non-food products and domestic purchases of grocery, non-food products and fuel.

The principal terms, conditions and characteristics of these arrangements are:

- On presentation to the SCF bank of appropriate documentation (e.g. proof of goods acceptance by ASDA; presentation of an ASDA-approved invoice), suppliers are able to receive payment from the bank at a discount agreed between the supplier and the bank, on a date which precedes the due date set out in payment terms agreed between the Group and the supplier;
- The Group’s liability to the supplier is extinguished at the point that the supplier receives payment from the SCF bank;
- The Group settles liabilities to the SCF bank arising out of payments to suppliers who are party to these arrangements by the due date set out in the Group’s payment terms with the respective suppliers;
- The Group retains its ability to offset credits against SCF payables (for example where products are returned to suppliers and the Group has a contractual right of offset with those suppliers);
- SCF arrangements between the Group and the SCF banks are separate from agreements between the SCF banks and participating suppliers;
- Participation in SCF arrangements is voluntary for suppliers;
- No interest is charged to the Group on outstanding payables to the SCF banks

Balances included within trade, other payables and derivative liabilities with suppliers and banks who are party to SCF arrangements are as follows:

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Amounts payable to SCF banks and suppliers who participate in SCF arrangements	709.3	663.5
Amounts payable to SCF banks under SCF arrangements included in the above	438.3	477.6
Unused SCF facilities available	141.8	115.7

Amounts payable which are disclosed above are included within trade, other payables and derivative liabilities of £5,116.5m (2024: £4,533.9m).

Payment terms with suppliers are as follows:

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Purchases from suppliers who participate in SCF arrangements	6 to 120 days	6 to 120 days
Purchases from suppliers who do not participate in SCF arrangements	1 to 120 days	1 to 120 days

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financial instruments (continued)

Liquidity risk associated with Supply Chain Finance arrangements

As set out in the Principal Risks and Uncertainties section of the Strategic Report, the Group is subject to risk of a working capital outflow in the event of a reduction in available SCF facilities. This risk is mitigated by supplier payment terms being contractually agreed with the majority of suppliers separately from SCF arrangements, and by the Group having SCF arrangements with a number of financial institutions.

Although management does not anticipate a reduction in available SCF facilities from current levels, and assumes that any risk from a potential reduction in available SCF facilities would be mitigated as described above, as part of the going concern review detailed in Note 1, the severe but plausible downside scenario includes a cash outflow in the event of any reduction in available SCF facilities during the going concern period.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Borrowings

	<i>Par Value</i>	<i>Maturity</i>	<i>Capital outstanding</i>	<i>Unamortised fees and modification gain</i>	<i>Carrying value</i>
			<i>£m</i>	<i>£m</i>	<i>£m</i>
Year ended 31 December 2025					
<i>Non-current borrowings</i>					
Term Loan A	£161.5m	16 Oct 2028	161.5	(0.4)	161.1
Apollo Facility*	£683.9m	31 Oct 2029	683.9	(47.8)	636.1
Sterling Senior Secured Notes	£1,750.0m	14 May 2030	1,750.0	(12.0)	1,738.0
Euro Term Loan B	€1,285.0m	14 May 2031	1,121.9	(11.4)	1,110.5
Euro Term Loan B	€185.0m	14 May 2031	161.5	(3.9)	157.6
Euro Senior Secured Notes	€700.0m	1 Jul 2031	611.1	(9.3)	601.8
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	267.6	(6.5)	261.1
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	122.4	(3.0)	119.4
			<u>4,879.9</u>	<u>(94.3)</u>	<u>4,785.6</u>
<i>Current borrowings</i>					
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	2.5	-	2.5
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	0.9	-	0.9
			<u>3.4</u>	<u>-</u>	<u>3.4</u>
<i>Other non-current assets</i>					
Revolving Credit Facility	£792.7m	16 Oct 2028	-	(6.5)	(6.5)
			<u>-</u>	<u>(6.5)</u>	<u>(6.5)</u>
Year ended 31 December 2024					
<i>Non-current borrowings</i>					
Sterling Senior Secured Notes	£2,250.0m	16 Feb 2026	262.1	(1.9)	260.2
Sterling Senior Secured Notes	£500.0m	16 Feb 2026	39.7	(0.1)	39.6
Senior Unsecured Notes	£500.0m	16 Feb 2027	500.0	(7.6)	492.4
Term Loan A	£161.5m	16 Oct 2028	161.5	(0.4)	161.1
Apollo Facility*	£683.9m	31 Oct 2029	683.9	(56.4)	627.5
Sterling Senior Secured Notes	£1,750.0m	14 May 2030	1,750.0	(14.1)	1,735.9
Euro Term Loan B	€1,285.0m	14 May 2031	1,062.1	(13.6)	1,048.5
Euro Term Loan B	€185.0m	14 May 2031	152.9	(4.7)	148.2
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	270.1	(6.8)	263.3
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	123.3	(3.0)	120.3
			<u>5,005.6</u>	<u>(108.6)</u>	<u>4,897.0</u>
<i>Current borrowings</i>					
Term Loan A	£4.3m	16 Feb 2025	4.3	(0.1)	4.2
Corporate Ground Rent Tranche A	£275.0m	12 Dec 2068	2.5	-	2.5
Corporate Ground Rent Tranche B	£125.0m	12 Dec 2073	0.7	-	0.7
			<u>7.5</u>	<u>(0.1)</u>	<u>7.4</u>
<i>Other non-current assets</i>					
Revolving Credit Facility	£792.7m	16 Oct 2028	-	(8.9)	(8.9)
			<u>-</u>	<u>(8.9)</u>	<u>(8.9)</u>

*The carrying value of the Apollo Facility includes a modification gain of £26.6m following a reduction in the interest rate applied to this loan. This is being amortised over the remaining term of the facility and accumulated amortisation of £7.9m has been charged as at 31 December 2025 (2024: £3.1m).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Borrowings (continued)

Accrued interest of £114.2m (2024: £90.4m) on the external borrowings listed in the table above is included in the accruals figure (see note 18).

Current year

On 1 July 2025, the Group completed the re-financing of a portion of its capital structure addressing near-term debt maturities. The Group has entered into new €700.0m Euro Senior Secured Notes with an interest rate of 8.0% which mature on 1 July 2031 and are listed on The International Stock Exchange ("TISE"). The proceeds from these new borrowings, along with cash and cash equivalents, was used to prepay the remaining £262.1m of 3.25% Senior Secured Notes, £39.7m of 4.0% Senior Secured Notes and the £500.0m 4.5% Senior Unsecured Notes.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Borrowings (continued)

Prior periods

During prior periods, the Group issued the following notes and loans:

- A Term Loan - the Apollo Facility - with a par value of £683.9m was entered into on 31 October 2023. This loan attracts interest at SONIA + 5.75% per annum (2024: SONIA + 5.75%) and payments of interest are made on a semi-annual basis. This loan matures on 31 October 2029 and has therefore been classified as non-current.

- The Group entered into a Corporate Ground Rent transaction and received a loan of £400.0m on 12 December 2023. This loan is split into Facility A and Facility B which attract interest per annum of 3.79% and 3.97% respectively. Facility A and Facility B mature in December 2068 and December 2073 respectively and have monthly repayments of principal and interest. The loan has been classified as non-current except for principal that is repayable up to 31 December 2026, which has been classified as current.

- Senior unsecured notes with a par value of £500.0m were issued on 24 February 2021. These notes attracted interest at 4.0% per annum and payments of interest were made on a semi-annual basis. The notes were due to mature on 16 February 2027 and were therefore classified as non-current. These notes were listed on TISE. The notes were repaid in full on 1 July 2025.

- Senior secured notes with a par value of £2,250.0m were issued on 24 February 2021. These notes attracted interest at 3.25% per annum and payments of interest were made on a semi-annual basis. These notes were partially repaid during the prior year, the remaining principal was £262.1m at 31 December 2024. The remaining principal was repaid in full on 1 July 2025. These notes were listed on TISE.

- Term loan A with a par value of £195.0m was entered into on 16 February 2021. This loan attracted interest at SONIA (formerly LIBOR)+ 3.25% per annum and payments of interest were made on a semi-annual basis. During the prior year, the loan was partially repaid and the remaining principal of £4.3m was repaid in full in February 2025.

- Sterling senior secured notes with a par value of £500.0m were entered into on 5 November 2021. These notes attracted interest at 4.5% per annum and payments of interest were made on a semi-annual basis. The notes were due to mature on 16 February 2026 and were therefore classified as non-current at 31 December 2024. These notes were partially repaid during the prior year. The outstanding principal at 31 December 2024 was £39.7m and was repaid on 1 July 2025. These notes were listed on TISE.

On 14 May 2024 the Group announced that it had completed the re-financing of a substantial proportion of its capital structure addressing near-term debt maturities. The Group entered into a €1,285.0m Term Loan B with an interest rate of EURIBOR + 4.0% which matures in May 2031 and issued £1,750.0m of 8.125% Senior Secured Notes at par which are due in May 2030 and are listed on TISE.

The proceeds from these new borrowings were used to prepay and cancel the €845m Term Loan B which was due in February 2026 and fund a tender exercise relating to the 3.25% Senior Secured Notes due in February 2026 and the 4.0% Senior Secured Notes due in February 2026. The tender closed on 10 May 2024. Holders of £1,987.9m of the 3.25% Senior Secured Notes opted to tender their notes at 98.75% of par and holders of £460.3m of the 4.0% Senior Secured Notes opted to tender their notes at par. £262.1m of the 3.25% Senior Secured Notes and £39.7m of the 4.0% Senior Secured Notes were outstanding at 31 December 2024.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Borrowings (continued)

Principal outstanding in relation to Term Loan A of £161.5m had its maturity extended to October 2028 at a rate of SONIA + 3.75%. The changes to the maturity and interest rate on Term Loan A were assessed against the guidance in IFRS 9 as being non-substantial changes and therefore were accounted for as a modification.

On 20 December 2024, the Group drew down an additional amount under the Term Loan B facility with a par value of €185.0m. The loan attracts interest at EURIBOR + 4.0% and payments of interest are made on a semi-annual basis. The loan matures on 14 May 2031 and has therefore been classified as non-current.

In addition, the Revolving Credit Facility was extended from £667.3m to £792.7m and the maturity extended to October 2028 at a rate of SONIA + 3.75%. Furthermore, the interest rate on the Apollo facility was reduced by 1.00% from 3 May 2024 with other terms of that instrument remaining unchanged.

At 31 December 2025 there was £nil drawn down on the RCF facility (2024: £nil).

Following the recognition of the liabilities under the debt agreements disclosed above, the Group also capitalised transaction costs which were directly attributable to the issue of the borrowings. Details of which are set out below:

	<i>Fees incurred and modification gain</i>	<i>Accumulated amortisation</i>	<i>At 31 December</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Year ended 31 December 2025			
<i>Capitalised fees</i>			
Sterling Senior Secured Notes	14.6	(2.6)	12.0
Term Loan A	0.4	-	0.4
Euro Term Loan B	14.9	(3.5)	11.4
Euro Term Loan B	4.7	(0.8)	3.9
Euro Senior Secured Notes	10.1	(0.8)	9.3
Apollo Facility*	62.7	(14.9)	47.8
Corporate Ground Rent Tranche A	6.8	(0.3)	6.5
Corporate Ground Rent Tranche B	3.1	(0.1)	3.0
Revolving Credit Facility	17.7	(11.2)	6.5
	<u>135.0</u>	<u>(34.2)</u>	<u>100.8</u>

	<i>Fees incurred and modification gain</i>	<i>Accumulated amortisation</i>	<i>At 31 December</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Year ended 31 December 2024			
<i>Capitalised fees</i>			
Senior Unsecured Notes	19.9	(12.3)	7.6
Sterling Senior Secured Notes	2.9	(1.0)	1.9
Sterling Senior Secured Notes	14.6	(0.5)	14.1
Term Loan A	0.4	-	0.4
Euro Term Loan B	14.9	(1.3)	13.6
Euro Term Loan B	4.7	-	4.7
Sterling Senior Secured Notes	0.2	(0.1)	0.1
Apollo Facility*	62.8	(6.4)	56.4
Corporate Ground Rent Tranche A	6.8	-	6.8
Corporate Ground Rent Tranche B	3.1	(0.1)	3.0
Revolving Credit Facility	17.7	(8.8)	8.9
	<u>148.0</u>	<u>(30.5)</u>	<u>117.5</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Borrowings (continued)

Borrowings on the Consolidated Balance Sheet have been presented net of unamortised capitalised fees with the exception of the capitalised fees in relation to the £792.7m RCF which have been classified as a non-current asset.

**The carrying value of the Apollo Facility includes a modification gain of £26.6m following a reduction in the interest rate applied to this loan. This is being amortised over the remaining term of the facility and accumulated amortisation of £7.9m has been charged as at 31 December 2025 (2024: £3.1m).*

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Employee costs and benefits

Employee costs

Total costs charged to the Consolidated Income Statement in respect of employee benefits are as follows:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
<i>Charge to operating costs</i>		
Wages and salaries	2,907.4	2,904.8
Restructuring costs	27.1	27.2
Share-based payments charge	1.7	1.6
Social security costs	281.5	211.4
Defined contribution pension scheme costs	120.7	139.8
Total charge to operating costs	<u>3,338.4</u>	<u>3,284.8</u>
<i>Charge to finance costs</i>		
Net interest expense on pension scheme	0.4	0.4
Total charge to finance costs	<u>0.4</u>	<u>0.4</u>
Total employee benefit expense	<u><u>3,338.8</u></u>	<u><u>3,285.2</u></u>

Expenses relating to the Group's defined contribution pension schemes are included within operating costs and recognised on an accruals basis.

Defined benefit pension schemes

The amounts recognised in the Consolidated Balance Sheet are as follows:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Present value of scheme liabilities	<u>(6.5)</u>	<u>(8.0)</u>
Net liability for defined benefit pension schemes	<u>(6.5)</u>	<u>(8.0)</u>

ASDA Stores Limited ("ASDA Stores"), a wholly-owned subsidiary of the Group, provides retirement benefits for eligible employees through one unfunded scheme, the Unapproved Unfunded Retirement Benefit Scheme ("UURBS").

ASDA Stores is the sponsoring employer of the UURBS and as such, liabilities relating to future pension payments to UURBS members are accounted for as employee benefit liabilities in the Group Consolidated Balance Sheet.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Employee costs and benefits (continued)

Defined benefit pension schemes

Amounts recognised in the Consolidated Income Statement

Interest expense of £0.4m (2024: £0.4m) has been recognised during the year in relation to the unwind of discount on the liabilities of the UURBS.

Amounts recognised in Other Comprehensive Income

Pre-tax net gains of £0.3m (2024: net gains of £0.9m) have been recognised during the year in relation to actuarial movements on the liabilities of the UURBS.

Scheme liabilities

Changes in the present value of defined benefit obligation:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Present value at start of year	(8.0)	(8.6)
Interest cost	(0.4)	(0.4)
Effect of changes in financial assumptions	0.3	0.9
Benefits paid	1.6	0.1
Present value at end of year	<u>(6.5)</u>	<u>(8.0)</u>

Amounts recognised in the Consolidated Income Statement

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Amounts recognised in finance costs		
Net interest expense on plan liabilities	<u>(0.4)</u>	<u>(0.4)</u>
Total Consolidated Income Statement charge	<u>(0.4)</u>	<u>(0.4)</u>

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Employee costs and benefits (continued)

Amounts credited/(charged) in the Statement of Other Comprehensive Income

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Effect of change in financial assumptions	0.3	0.9
Deferred tax	(0.1)	(0.3)
Amounts recognised in the Statement of Comprehensive Income	0.2	0.6

Principal actuarial assumptions (expressed as weighted averages)

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the Balance Sheet date are as follows:

Post-retirement mortality assumptions

The following table illustrates the residual life expectancy for an average member on reaching age 65, according to the mortality assumptions used to calculate the pension liabilities:

	Year ended 31 December 2025 Years	Year ended 31 December 2024 Years
Current UK pensioners at retirement age - male	21.9	21.6
Current UK pensioners at retirement age - female	23.4	23.3
Future UK pensioners at retirement age - male	23.3	22.9
Future UK pensioners at retirement age - female	25.8	25.6

Sensitivity analysis

Sensitivity analysis has not been presented as the remaining carrying value of defined benefit pension liabilities and their sensitivity to reasonable changes in the principal actuarial assumptions is not material.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Employee costs and benefits (continued)

Share-based payments

Share-based payment transactions are accounted for in accordance with IFRS 2 'Share-Based Payments'.

The total expenses recognised for the year arising from share-based payments are as follows:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Equity-settled share-based payment charge	1.7	1.6

Management Incentive Plan

During 2022, management shares in the immediate parent company of the Group were issued to eligible members of senior management employed by the Group as part of a Management Incentive Plan ("MIP") in exchange for proceeds determined by an independent calculation of fair value at the issue date. Under the MIP, an intermediate holding company of the Group - Bellis Midco 2 Limited - has entered into an agreement with the holders of MIP management shares ("MIP scheme members") whereby MIP scheme members are granted a put option which, when exercised, enables them to sell their management shares to Bellis Midco 2 Limited or another non-Group entity for a value determined by an independent valuation at the exercise date.

During the prior year, due to the acquisitions in 2023 of Arthur Foodstores Limited and Asda Express (Jersey) Limited, there was a requirement to update the base equity value of the shares. The mechanism for this was a redemption of the original MIP shares in exchange for the issuance of replacement MIP shares, incorporating the updated base equity value. The shares issued during the prior year substantially replicate the rights of the original MIP shares and no cash consideration was paid to the holders of management shares. Furthermore, the issue price of the shares issued during the prior year is equal to the issue price of the original shares issued and the fair value of management shares issued during the prior year is in line with the grant date fair value of the original MIP shares. At the date on which shares were issued during the prior year, the number of shares issued to existing participants was equal to the number of management shares they were holding at that date. Taking these factors into account, the issue of shares during the prior year and the cancellation of the original management shares held at the date of issuance was accounted for as a modification. The Directors updated their assessment of fair value and determined that there was no impact on the charge to the Consolidated Income Statement.

MIP scheme members are required to be employed by the Group at the grant date of the MIP shares. If a member of the scheme ceases to be employed by the Group during the vesting period, Bellis Midco 2 Limited, a parent of Bellis Finco PLC, has the option to repurchase, or nominate another entity of the Group to repurchase, the shares during the 12-month period after the member's leave date. As such, the Directors have determined that the MIP scheme falls within the scope of IFRS 2. The difference between the IFRS 2 fair value and the fair value paid by MIP scheme members at the grant date is expensed over the vesting period (i.e. the period from date on which the MIP shares are granted to the estimated exercise date) as an expense in the Consolidated Income Statement.

As neither MIP shares nor put options over MIP shares are issued by entities within the Group, and as there is no recharge agreement in place which requires any entity within the Group to settle liabilities in respect of MIP shares, changes in the fair value of MIP shares are accounted for on an equity-settled basis.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Employee costs and benefits (continued)

Share-based payments (continued)

The number of share awards to employees of the Group under the MIP scheme is as follows:

	Year ended 31 December 2025 Number (thousands)	Year ended 31 December 2024 Number (thousands)
Exercisable, beginning of year	11	6
Granted during the year	-	5
Purchased by fellow wholly-owned subsidiary of the ultimate parent	(11)	-
Outstanding, end of year	<u>-</u>	<u>11</u>
Exercisable, end of year	<u>-</u>	<u>-</u>

The fair value of the options outstanding under the MIP scheme at 31 December 2025 based on the option valuation performed at the inception of the scheme is £nil (2024: £7.6m).

An amount of £1.7m (2024: £1.6m) has been accounted for as an equity-settled share based payments expense in respect of the MIP in accordance with the proportion of the vesting period which has elapsed during the year prior to the MIP scheme members selling their shares.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

22 Provisions

	Dilapidations	Insurance	Other	Total
	£ m	£ m	£ m	£ m
At 1 January 2025	103.5	94.3	3.8	201.6
Provided during the year	21.8	54.8	1.2	77.8
Provisions utilised during the year	-	(37.4)	-	(37.4)
Unused provision reversed during the year	-	(7.6)	(3.8)	(11.4)
Rate changes and discount unwinding	25.4	-	-	25.4
	<u>150.7</u>	<u>104.1</u>	<u>1.2</u>	<u>256.0</u>
At 31 December 2025	<u>150.7</u>	<u>104.1</u>	<u>1.2</u>	<u>256.0</u>
Current liabilities	<u>3.7</u>	<u>37.4</u>	<u>1.2</u>	<u>42.3</u>
Non-current liabilities	<u>147.0</u>	<u>66.7</u>	<u>-</u>	<u>213.7</u>

The insurance provision above relates to claims liabilities arising from past events such as accidents in our depots and stores which are not covered by third party insurance. The value of the provision is established using independent actuarial assessments or a reasonable estimate based on past experience. These provisions are expected to crystallise within 5 years. Insurance liabilities are not discounted as the impact would not be material.

The dilapidation provision predominantly represents provisions for the cost of works required to remove leasehold improvements within leasehold properties at the end of their lease term. The amount of the provision recognised is adjusted based on the length of the lease remaining to reflect the uncertainty in the value of the provision where a lease has a substantial remaining term (greater than 35 years). The dilapidations provision also includes provisions relating to the removal of fuel tanks on freehold petrol filling station sites.

The amount provided during the year is accounted for as an increase or decrease in the cost of property, plant and equipment and the impact of this will be recognised as depreciation over the lease terms of the sites to which the provision relates. The increase in the year is due primarily to the sale-and-leaseback transaction completed in the year (see note 9 for further details) and changes in management's best estimate of expected dilapidation costs on certain sites.

A discount rate of 5.2% (2024: 5.2%) has been used in determining this provision. The provision will be utilised at the end of the respective terms of the leases giving rise to these liabilities.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

23 Share capital and premium

	Number of shares	Share capital £ m	Share premium £ m	Total £ m
Authorised, allotted, called up and fully paid				
Ordinary shares of £1 each at 31 December 2024 and 31 December 2025	50,001	0.1	1,280.0	1,280.1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The share premium account is used to record amounts received in excess of the nominal value of shares on issue of new shares.

Included in the number of shares issued were 50,000 shares issued at par for a nominal value of £0.1m and an additional share issued at a premium for a value of £1,280.0m.

24 Reserves

Cash flow hedge reserve

The cash flow hedge reserve of £(26.7)m accumulated net loss (2024: £13.8m accumulated net gain) represents the gains and losses arising on revaluation of derivatives, being forward currency contracts and cross-currency interest rate swaps.

Retained earnings

The retained earnings balance of £1,459.5m (2024: £2,173.8m) represents the brought forward retained earnings, £716.2m loss during the year, £0.3m remeasurement of defined benefit obligation, £0.1m tax charge on items recognised directly in other comprehensive income and £1.7m share-based payment charges relating to the equity-settled MIP scheme (see note 21).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

25 Obligations under leases

Lease Liabilities

Lease agreements where the group is a lessee

Future minimum lease payments are due as follows:

	31 December 2025 £ m	31 December 2024 £ m
<i>Future minimum payments due:</i>		
No later than one year	404.5	373.6
Later than one year and no later than two years	388.7	344.4
Later than two years and no later than three years	375.6	323.7
Later than three years and no later than four years	353.9	309.1
Later than four years and no later than five years	341.9	290.5
Later than five years	7,913.6	6,671.5
	<u>9,778.2</u>	<u>8,312.8</u>
Lease finance charges allocated to future years	<u>(5,594.9)</u>	<u>(4,520.0)</u>
Present value of minimum lease payments	<u><u>4,183.3</u></u>	<u><u>3,792.8</u></u>

The increase in lease liabilities during the year relate primarily to the sale-and-leaseback of 24 properties (see note 9); renewals or modifications of previously existing leases for land and buildings; and new leases for plant, vehicles and equipment.

Total lease cash outflow in the year was £422.2m (2024: £394.9m). Included in financing activities in the cash flow statement are cash payments for the principal portion of the lease liability £164.7m (2024: £153.0m) and cash payments for the interest portion of the lease liability £233.4m (2024: £217.0m). £24.1m (2024: £24.9m) has been included in operating activities in the cash flow statement and relates to short term and variable lease expenses.

There are no instances at 31 December 2025 where future rental payments have been committed but not yet included in the lease liability.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

25 Obligations under leases (continued)

Amounts recognised in Consolidated Income Statement

The following table has been presented for illustrative purposes to show the breakdown of the lease expense and lease interest receivable between amounts charged to operating profit and amounts charged to finance costs as management consider this information is useful analysis to the reader:

	Note	31 December 2025 £ m	31 December 2024 £ m
Depreciation - land and buildings right-of-use assets	4	152.7	150.3
Depreciation - plant and equipment right-of-use assets	4	76.6	78.7
Impairment charge/(reversal) - land and buildings right-of-use assets		38.4	(2.1)
Short-term lease expense ¹		3.5	1.9
Variable lease expense ²		20.6	23.0
Sub-lease income		(8.8)	(9.2)
Finance lease interest receivable ³		(6.8)	(8.6)
		<u>276.2</u>	<u>234.0</u>
Interest expense related to lease liabilities	8	<u>233.4</u>	<u>218.3</u>
Total amount recognised in Consolidated Income Statement		<u><u>509.6</u></u>	<u><u>452.3</u></u>

Notes

¹ Short-term lease expense consists primarily of rental of equipment for temporary purposes during the year.

² Variable lease expense consists primarily of contractual land and building service and insurance charges as a result of the Group election to combine lease and non-lease components. These are not fixed payments and therefore are not included in the lease liability. Variable payments represent 4.9% (2024: 6.0%) of overall lease payments in the year.

³ Finance lease interest receivable is now included in the table above, but was not included in the equivalent table in the prior year financial statements. There are no other changes to prior year comparatives.

Operating leases

Operating lease agreements where Group is lessor

Future undiscounted minimum lease income under non-cancellable agreements is receivable as follows:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
No later than one year	10.3	9.2
Later than one year and no later than five years	27.2	27.1
Later than five years	<u>53.8</u>	<u>63.2</u>
	<u><u>91.3</u></u>	<u><u>99.5</u></u>

The Group sub-lets buildings of various natures under non-cancellable agreements. The leases have various terms and renewal rights.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

26 Commitments

Capital commitments

As at 31 December 2025, the Group had entered into contracts of £8.2m (2024: £13.5m) to purchase property, plant and equipment and intangible assets.

Other financial commitments

As at 31 December 2025, the Group had entered into contracts to purchase US Dollars for £1,109.8m (2024: £1,106.3m), Euros for £70.5m (2024: £75.0m) and energy for £125.7m (2024: £117.1m).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

27 Contingent liabilities

Equal Value Claims

ASDA Stores Limited ("ASDA"), a wholly-owned subsidiary of the Group, has been served with circa 58,000 employment tribunal claims (and notified of an additional circa 17,000 High Court claims that have not been served and are stayed pending the outcome of the employment tribunal claims). The claims have been presented on behalf of current and former ASDA store employees, who allege that their work in ASDA's stores is of equal value in terms of the demands of their jobs to that of employees working in ASDA's distribution centres, and that the differences in pay and terms and conditions between the different jobs are not objectively justified. The claimants are requesting differential back pay based on higher wage rates in the distribution centres and those higher wage rates and more favourable terms and conditions on a prospective basis as part of these equal value proceedings. ASDA believes that further claims may be served.

There are three stages to these proceedings:

- Comparability - on 26 March 2021, the Supreme Court upheld the Court of Appeal's decision that the work of hourly-paid workers in distribution centres and the work of hourly-paid workers in stores can be compared.
- Equal Value - on 31 January 2025 the Employment Tribunal published a judgment following the equal value hearing which took place from 9 September 2024 to 22 November 2024. Of the 14 lead claimant roles, the Employment Tribunal found:
 - Two of the claimant roles were not of equal value to any of the comparator roles.
 - One of the claimant roles was of equal value to all of the comparator roles.
 - For the remaining lead claimant roles, the result was a mixed picture.

Employment Tribunal's findings have been translated across the wider claimant population during the year and a hearing in relation to this was held from 29 September 2025 to 1 October 2025 in respect of a total of 24 non-lead claimant roles. Subsequent to the Balance Sheet Date, on 25 February 2026, the Employment Tribunal published a further judgement. The Tribunal found:

- Five of the non-lead claimant roles were not of equal value to any of the comparator roles;
- One non-lead claimant role was of equal value to all comparator roles
- For the remaining non-lead claimant roles, the result was a mixed picture.
- Material Factor Defence - the next stage of the proceedings will be the material factor defence stage. This will be subject to a further hearing to determine whether there are objective, non-discriminatory reasons for differentials in pay and other terms between store-based roles and distribution centre-based roles. This hearing is listed to take place from 23 November 2026 to 18 December 2026 with a judgement expected in 2027, subject to appeal.

The Directors believe that there are substantial factual and legal defences to these claims and intend to defend the claims vigorously. Due to a high degree of legal uncertainties at the Balance Sheet date and at the date of approval of the financial statements, the final outcome of the matter cannot be predicted.

No provision continues to be recognised on the basis that any potential liability is only a possible obligation, as it has yet to be confirmed whether the Company has a present obligation that could lead to an outflow of resources embodying economic benefits.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

27 Contingent liabilities (continued)

In addition, at present, the Directors cannot reliably estimate any loss, or range of loss, that may arise from these proceedings. This is due to a number of factors, including but not limited to the following:

- An unknown number of claims which may be asserted in the future;
- The fact that the Material Factor Defence stage of the proceedings has not yet commenced
- The possibility of appeals by either the Company or the claimants and the uncertainty of the outcome of these.

Following the acquisition by the Bellis Finco PLC Group ("the Group") of the entire issued share capital of ASDA Group Limited (the immediate parent of ASDA Stores Limited) on 16 February 2021, the Group has entered into an indemnification agreement which is guaranteed by a wholly owned subsidiary of the former ultimate parent of the Company, Walmart Inc. ("Walmart") with respect to certain claims, for which the Group is indemnified by Walmart up to a contractually agreed amount.

Depending on the outcome of the Material Factor Defence stage of the proceedings, any liability to the Group could be material.

Other matters

The activities of the Company are such that there may be other matters that arise in the normal course of business which could lead to a liability of the Company. If the risk of an outflow of economic benefit is more than remote but not probable or cannot be measured reliably then the Company will disclose this matter as a contingent liability. If the risk of an outflow of economic benefit is considered probable and can be measured reliably then the Company would make a provision for this matter.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

28 Related parties

Identity of related parties

The following transactions were entered into with related parties during the current and prior year. The amounts disclosed below represent the total (charge) or credit recognised in the Consolidated Income Statement:

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Transactions recognised through Consolidated Income Statement		
Sales to EG On The Move Limited ¹	-	1.5
Rental income from We Buy Any Car Limited	1.2	1.1
Commission and funding received from Jaja Finance Holding (UK) Limited	3.1	3.4
Reimbursement from EG Finco Limited ³	4.7	5.7
Rental income from Egspresso Limited ⁴	9.6	12.4
Rental income from Clokken Limited ⁵	-	0.1
Reimbursement from EG Corporate Services Limited ²	9.6	11.6
Property sale income from PLK Chicken UK Limited	0.1	-
Recharges from TDR Capital LLP	(1.8)	(0.9)
Car parking income from Walon Limited	0.1	0.1
Rental income from Scotco Midlands Limited	-	0.7
Rental income from Scotco Restaurants Limited	0.1	-
Recharges from EG Corporate Services Limited	-	(0.2)
Rental income from EG On The Move Limited	0.1	0.4
Rental income from Scotco Central Limited	0.1	0.2
Rental income from Coopland and Son (Scarborough) Limited	0.1	-
Rental income from Leonard F Jollye Limited	0.1	-
Charitable donations to the Asda Foundation	(3.2)	(3.6)
Recharges of costs incurred by a subsidiary of the Group on behalf of The ASDA Foundation	-	0.3
Interest expense on shareholder loan	(53.5)	(48.2)
Interest receivable on loans to Bellis Midco 2 Limited	27.7	26.7

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

28 Related parties (continued)

The following balances were in place with related parties at the reporting date.

	Year ended 31 December 2025 £ m	Year ended 31 December 2024 £ m
Outstanding receivables and payables on Consolidated Balance Sheet		
Non-current shareholder loan	(510.7)	(457.2)
Current payables due to Bellis Midco 4 Limited	-	(6.1)
Current payables due to Bellis Midco 2 Limited	(0.1)	(0.2)
Current payables due to Bellis Select Warehouse Limited	(3.7)	(3.6)
Current payables due to Bellis Topco Limited	(0.5)	(0.5)
Current payables due to Property Newco Limited	(0.6)	(0.6)
Current payables due to Bellis Topco 2 Limited	(1.0)	(3.0)
Current payables due to Monte Blackburn Limited	(0.1)	(0.2)
Current payables due to EG On the Move Limited	-	(0.1)
Current payables due to Scotco Restaurants Limited	-	(0.5)
Current payables due to EV Point Services Limited	(0.3)	(0.3)
Current payables due to TDR Capital LLP	(0.7)	(1.0)
Current payables due to EG Corporate Services Limited	(0.1)	(0.1)
Current payables due to The ASDA Foundation	(3.0)	(3.3)
Current payable to JaJa Finance Limited	(0.1)	-
Non-current receivables due from Bellis Midco 2 Limited	865.7	799.9
Current receivables due from Bellis Midco 2 Limited	0.1	0.2
Current receivables due from Bellis Topco Limited	5.0	4.6
Current receivables due from Bellis Topco 2 Limited	4.7	4.7
Current receivables due from Bellis Midco 4 Limited	0.8	0.7
Current receivables due from Bellis Holdco Limited	0.1	0.1
Current receivables due from Bellis Noncore 2 Limited	0.1	0.1
Current receivables due from EG Finco Limited ³	10.7	5.2
Current receivables due from EG Corporate Services Limited ²	24.0	13.5
Current receivables from Coopland and Son (Scarborough) Limited	0.1	-
Current receivables due from Egspresso Limited	3.7	0.2

¹ These sales relate to the wholesale supply of grocery products to EG On The Move in the current and prior year.

² This relates to costs recharged to EG Corporate Services Limited during the current and prior year.

³ This relates to payroll and IT costs recharged to EG Finco Limited during the current and prior year.

⁴ This relates to the Group earning rental income from Egspresso Limited on Starbucks sites.

⁵ The Group is earning rental income from Clokken Limited on KFC sites.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

28 Related parties (continued)

Amounts owed by fellow subsidiaries of the ultimate parent and the ultimate parent totalled £876.5m at 31 December 2025 (2024: £810.3m), as disclosed in note 19.

Amounts owed to the ultimate parent and fellow subsidiaries of the ultimate parent totalled £516.6m at 31 December 2025 (2024: £471.2m), as disclosed in note 19.

In addition to the above, as part of the Asda Express (Jersey) Limited acquisition in 2023, the Group entered into a Transitional Services Agreement ("TSA") and an integration support agreement. As part of these agreements, the Group has receivables due from EG Finco Group entities of £35.0m which are shown in the table above and £10.7m of receivables in relation to indemnities which are not shown in the above table but are included in trade and other receivables. Further to this, the Group has estimated deferred consideration of £32.8m due to EG Finco Limited, which is included in trade and other payables

In addition to the transactions disclosed above, during the year ended 31 December 2025 the following transactions took place, all of which were less than £0.1m individually and in aggregate:

- the Group earned car parking income from E.C.M. (Vehicle Delivery Service) Limited.
- the Group bore maintenance charges from Carlisle Refrigeration Limited.
- the Group paid training expenses to Buttercups Training Limited.
- the Group made a purchase from Pumps and Gearboxes Limited.
- the Group made a purchase from Aggreko UK Limited.
- the Group made purchases from David Lloyd Leisure Limited.

Additionally, 22 leases were assigned from the Group to Egspresso Limited for £nil cost during the year.

At 31 December 2025, the Group had outstanding balances due to BPP Professional Education Limited, EG On the Move Limited and Carlisle Refrigeration Limited and outstanding balances due from Hydrogen Vehicle Systems Limited, Walon Limited, Wagestream Limited, Scotco Restaurants Limited and E.C.M. (Vehicle Delivery Serviced) Limited, all of which were less than £0.1m individually and in aggregate.

In addition to the transactions disclosed above, during the prior year the following transactions took place, all of which were less than £0.1m individually:

- the Group earned income for communication on Wagestream services from Wagestream Limited and there were receivables due from Wagestream Limited at the year end.
- the Group received rental income from Leonard F Jollye Limited.
- the Group received rental income from Scotco Central Limited.
- the Group made a purchase from Aggreko UK Limited.
- the Group reimbursed EG Corporate Services for capital expenditure.

Additionally, 12 leases were assigned from the Group to Egspresso Limited for £nil cost during the prior year.

At 31 December 2024, the Group had outstanding balances due to Wagestream Limited, BPP Professional Education Limited, Buttercups Training Limited and Monte Blackburn Limited and outstanding balances due from Hydrogen Vehicle Systems Limited, Walon Limited, Wagestream Limited, Jaja Finance Limited, EG On the Move Limited and Coopland and Son (Scarborough) Limited, all of which were less than £0.1m individually and in aggregate.

Transactions with the Directors are disclosed in note 7.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

28 Related parties (continued)

Transactions with key management personnel

In line with guidance in IAS 24 - Related Party Disclosures, transactions with individuals identified as key management personnel and outstanding balances with those individuals at the balance sheet date are disclosed below. As detailed in the Strategic Report, the board of directors of Bellis Topco 2 Limited (“the Topco 2 Board”), together with the Executive Committee, acted as the key decision-makers responsible for the operational management of the Group’s activities and for setting and guiding the strategic direction of the Group during the year. As such, the directors have determined that transactions during the year, and balances at the balance sheet date, with individuals who were executive or non-executive directors of Bellis Topco 2 Limited, along with individuals employed by the Group who were members of the Executive Committee during the year fall within the IAS 24 scope of transactions with key management personnel.

Transactions with key management personnel in the year ended 31 December 2025 and 31 December 2024 and balances outstanding at the balance sheet date are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Short-term employee benefits	10.0	6.4
Share-based payments	1.4	1.1
Compensation for loss of office	8.2	1.2
Consultancy services	2.7	-
Total	<u>22.3</u>	<u>8.7</u>
Receipts of cash by the Group from key management personnel	-	2.6
Payments of cash by the Group to key management personnel	4.4	0.3
Balances owed to key management personnel at year end	4.9	2.1

- Short-term employee benefits consist of salary, cash bonuses and benefits recorded as expenses by the Group during the year in respect of individuals identified as key management personnel.
- The amount disclosed as share-based payments represents the expense recorded in the Consolidated Income Statement in respect of the MIP scheme - further detail is provided in note 21.
- Cash receipts of £nil (2024: £2.6m) arose in the year due to key management personnel subscribing for management shares in Bellis Midco 4 Limited under the MIP scheme described in note 21. As this cash was held by the Group on behalf of Bellis Midco 4 Limited, it was accounted for as an amount owed to fellow wholly-owned subsidiaries of the ultimate parent balance. This balance was settled in full during the year.
- Cash payments of £4.4m (2024: £0.3m) arose in the year due to key management personnel leaving the MIP scheme and receiving payment for the management shares in Bellis Midco 4 Limited. These payments were made by the Group on behalf of Bellis Midco 4 Limited so, as described above, were accounted for by the Group as a reduction in an intercompany payable balance.
- Balances owed to key management personnel at 31 December 2025 and 31 December 2024 consist of employment costs recorded in the Consolidated Income Statement during the year which are outstanding at the balance sheet date in relation to short-term employee benefits and compensation for loss of office.

Included within compensation for loss of office is £5.5m paid by a fellow wholly-owned subsidiary of the ultimate parent on its behalf, which has not been recharged to the Group. All related consideration was settled during the year, including a £1.9m set-off of Key Management Personnel loans entered into by another fellow wholly-owned subsidiary in the prior year. No key management personnel loan balances were outstanding at the balance sheet date (2024: £1.9m).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

28 Related parties (continued)

During the year, after ceasing to be key management personnel, certain individuals entered into consultancy agreements with the ultimate parent. Consideration due under these agreements was paid in full by a fellow wholly-owned subsidiary on behalf of the ultimate parent and has not been recharged to the Group. The agreements allow the ultimate parent, its parent entities, Bellis Finco PLC group entities, and fellow wholly-owned subsidiaries of the ultimate parent to engage these individuals exclusively in an advisory capacity across a range of consultancy services. The vast majority of the consideration paid relating to these arrangements relates to a term of exclusivity of five years. £2.7m has been included in the table above to reflect the proportion of term elapsed during the year (approximately seven months).

Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of section 479A of the Act.

Name	Company number
Arthur Foodstores Limited	13966522
ASDA Delivery Limited	03873501
ASDA Employee Share Schemes Trustee Limited	00089218
ASDA Foodservice Limited	10948832
ASDA Holdco Limited	15030853
ASDA Holdco 2 Limited	15233004
ASDA Southbank Limited	02686810
ASDA Supermarkets Limited	04144792
Chorley Renaissance Limited	06310474
Ever 2010 Limited	02519748
Forza AW Limited	05967526
George Sourcing Services UK Limited	04007013
Porth Investments Limited	04160026
Power4All Limited	06222064
Wolfson Trago Limited	07379589
Wycliffe Moore Limited	07152865

29 Ultimate parent company and parent company of larger group

At 31 December 2025 and 31 December 2024 and at the date of approval of the financial statements, the Company's immediate parent was Bellis Midco 4 Limited, a company incorporated in Jersey.

At 31 December 2025 and 31 December 2024 and at the date of approval of the financial statements, the ultimate parent company and controlling party was Bellis Topco Limited, which is incorporated in Jersey and is controlled by funds managed by TDR Capital LLP.

Company Balance Sheet as at 31 December 2025

Registration number: 12855336

Bellis Finco PLC - Parent Company

	Note	31 December 2025 £ m	31 December 2024 £ m
Assets			
Non-current assets			
Investments	4	665.3	665.3
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	6	1,366.4	1,757.4
		<u>2,031.7</u>	<u>2,422.7</u>
Current assets			
Cash and cash equivalents		-	6.1
		<u>2,031.7</u>	<u>2,428.8</u>
Total assets			
		<u><u>2,031.7</u></u>	<u><u>2,428.8</u></u>
Equity and liabilities			
Equity			
Share capital	7	0.1	0.1
Share premium	8	1,280.0	1,280.0
Retained earnings	8	208.7	156.8
		<u>1,488.8</u>	<u>1,436.9</u>
Total equity			
		<u><u>1,488.8</u></u>	<u><u>1,436.9</u></u>
Non-current liabilities			
Borrowings	5	-	492.4
Shareholder loan	9	510.7	457.2
		<u>510.7</u>	<u>949.6</u>
Current liabilities			
Trade and other payables	9	-	4.9
Amounts owed to fellow wholly-owned subsidiaries of the ultimate parent	9	32.2	37.4
		<u>32.2</u>	<u>42.3</u>
Total liabilities			
		<u>542.9</u>	<u>991.9</u>
Total equity and liabilities			
		<u><u>2,031.7</u></u>	<u><u>2,428.8</u></u>

In accordance with the exemptions given by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement. The profit for the year in the financial statements of the Company was £51.9m (2024: £18.9m). There were no other items of comprehensive income during the year.

The accompanying notes form part of these financial statements.

Approved by the Board on 26 March 2026 and signed on its behalf by:

Michael Gleeson

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M Gleeson
Director

Company Statement of Changes in Equity for the Year Ended 31 December 2025

	Share capital £ m	Share premium £ m	Retained earnings £ m	Total £ m
At 1 January 2024	0.1	1,280.0	137.9	1,418.0
Profit for the year	-	-	18.9	18.9
At 31 December 2024	0.1	1,280.0	156.8	1,436.9
	Share capital £ m	Share premium £ m	Retained earnings £ m	Total £ m
At 1 January 2025	0.1	1,280.0	156.8	1,436.9
Profit for the year	-	-	51.9	51.9
At 31 December 2025	0.1	1,280.0	208.7	1,488.8

Notes to the Parent Company Statements for the Year Ended 31 December 2025

1 Accounting policies

The following accounting policies have been applied consistently in the year.

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Bellis Finco PLC (the “Company”) for the year ended 31 December 2025 were authorised for issue by the Board of Directors on 26 March 2026 and the Balance Sheet was signed on behalf of the Directors by M Glesson. The Company is incorporated and domiciled in England under the Companies Act 2006 (registration number 12855336).

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with historical cost convention, the Companies Act 2006 and applicable accounting standards.

The Company’s financial statements are presented in Sterling and all values are rounded to the nearest hundred thousand pounds (£0.1m) except when otherwise indicated. The presentational currency is also the Company’s functional currency.

Basis of preparation

The Directors have assessed the Company’s ability to continue as a going concern including a review of the forecast cash flows, future trading performance and existing borrowings in place. Whilst the Company is currently in a net current liabilities position, based on the reviews previously described, the Directors confirm that the Company has adequate resources to continue to operate for a period up to twelve months from the date of approval of the accounts and accordingly the going concern basis continues to be appropriate for the preparation of the Financial Statements.

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

- The requirements of IFRS 7 ‘Financial Instruments: Disclosures’;
- The requirements of paragraphs 91-99 of IFRS 13 ‘Fair Value Measurement’;
- The requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 ‘Presentation of Financial Statements’;
- The requirements of IAS 7 ‘Statement of Cash Flows’;
- The requirements of paragraphs 30 and 31 of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’;
- The requirements of paragraphs 17 and 18A of IAS 24 ‘Related Party Disclosures’; and
- The requirements in IAS 24 ‘Related Party Disclosures’ to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 ‘Impairment of Assets’.

Where applicable, equivalent disclosures are included in the Consolidated Financial Statements of Bellis Finco PLC, in which the Company is consolidated.

New standards, interpretations and amendments not yet effective

IFRS 18 - Presentation and Disclosure in Financial Statements

The Directors are considering the impact of IFRS 18 on the presentation of the Company’s financial statements from the effective date of 1 January 2027.

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amounts of the Company's non-current assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent from those of other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Investments

Investments in subsidiaries are stated at cost less amounts written off. Provisions against the underlying value of investments in subsidiary undertakings are made where, in the opinion of the Directors, there is impairment to the value of the underlying business.

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent are initially recorded at fair value and subsequently recognised at amortised cost. Amounts due from fellow wholly-owned subsidiaries of the ultimate parent are interest-bearing, unsecured and are repayable at maturity.

Cash and cash equivalents

Cash and cash equivalent comprise of cash balances.

Amounts due to fellow wholly-owned subsidiaries of the ultimate parent

Trade and other payables are initially recorded at fair value and subsequently recognised at amortised cost. Non-interest-bearing amounts due to fellow wholly-owned subsidiaries of the ultimate parent are unsecured and repayable on demand. Interest-bearing amounts due to fellow wholly-owned subsidiaries of the ultimate parent are repayable at maturity.

Financial instruments

The Company's interest-bearing borrowings include intercompany borrowings and are recorded initially at fair value plus directly attributable transaction costs. Subsequently, these liabilities are carried at amortised cost using the effective interest method. Gains or losses arising on repurchase, settlement or cancellation of liabilities are recognised respectively in finance income or finance costs. Borrowings are classified as current assets except for those with contractual maturities greater than 12 months after the Balance Sheet date.

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)

2 Auditors' remuneration

The Company's audit fee for the year ended 31 December 2025 was £0.2m (2024: £0.2m). The Company's audit costs are paid by another group company. There were no non-audit fees paid to the Company's auditor.

3 Employee numbers and costs

The Company is an intermediate holding company and has no employees other than Directors.

Directors' remuneration is paid by another group company, it has not been recharged to this Company due to the fact it has been estimated that the allocation of the qualifying services that these Group-based directors provided to the Company is inconsequential. The Directors' remuneration in respect of the Group is disclosed in note 7 of the Bellis Finco PLC consolidated financial statements.

4 Investments

Group subsidiaries

	Investment in subsidiaries £ m
Cost or valuation	
At 1 January 2025 and 31 December 2025	665.3
	<hr/>
Carrying amount	
At 31 December 2025 and 31 December 2024	665.3
	<hr/> <hr/>

The recoverable amount of the Company's investments has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Assumptions used to calculate value in use are consistent with those described in note 14 of the consolidated financial statements. Following this review, no impairment has been recognised.

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)

4 Investments (continued)

Subsidiary undertakings

As at 31 December 2025, the following companies were subsidiary undertakings.

Name of subsidiary	Country of incorporation and principal place of business	% equity held
Arthur Foodstores Limited	United Kingdom	100%
ASDA Delivery Limited	United Kingdom	100%
ASDA Employee Share Schemes Trustee Limited	United Kingdom	100%
ASDA Express Limited	United Kingdom	100%
ASDA Express (Jersey) Limited	Jersey	100%
ASDA Finance Limited	Jersey	100%
ASDA Financial Services Limited	United Kingdom	100%
ASDA Foodservice Limited	United Kingdom	100%
ASDA Group Limited	United Kingdom	100%
ASDA Guernsey Limited	Guernsey	100%
ASDA Holdco Limited	United Kingdom	100%
ASDA Holdco 2 Limited	United Kingdom	100%
ASDA Pension Plan Trustees Limited	United Kingdom	100%
ASDA Propco Limited	United Kingdom	100%
ASDA Quest Trustee Limited	United Kingdom	100%
ASDA Southbank Limited	United Kingdom	100%
ASDA Storage Limited	United Kingdom	100%
ASDA Stores Limited	United Kingdom	100%
ASDA Stores (Belfast) Limited	United Kingdom	100%
ASDA Supermarkets Limited	United Kingdom	100%
Bandsound Limited	United Kingdom	100%
Beehive FTG Limited	United Kingdom	100%
Bellis Acquisition Company PLC*	United Kingdom	100%
Bellis Acquisition Company 2 Limited	Jersey	100%
Bellis Acquisition Company 3 Limited	Jersey	100%
Chorley Renaissance Limited	United Kingdom	100%
Erteco U.K. Limited	United Kingdom	100%
Essencerealm Limited	United Kingdom	100%
Ever 1295 Limited	United Kingdom	100%
Ever 2010 Limited	United Kingdom	100%
Ever 2010 North Limited	United Kingdom	100%
Ever 2010 South Limited	United Kingdom	100%
Forza AW Limited	United Kingdom	100%
Forza Foods Limited	United Kingdom	100%
George Sourcing Services UK Limited	United Kingdom	100%
International Procurement and Logistics Limited	United Kingdom	100%
International Produce Sociedad Limitada	Spain	100%
Kent Nominee 1 Limited	Jersey	100%
Kent Nominee 2 Limited	Jersey	100%
Kober Limited	United Kingdom	100%
McLagan Investments Limited	United Kingdom	100%
Nordicline Limited	United Kingdom	100%
Porth Investments Limited	United Kingdom	100%
Power4All Limited	United Kingdom	100%
Project America Bidco Limited	Jersey	100%
Reach Belvedere Limited	United Kingdom	100%
Selby Produce Limited	United Kingdom	100%
The Burwood House Group Limited	United Kingdom	100%

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)**4 Investments (continued)**

Name of subsidiary	Country of incorporation and principal place of business	% equity held
The George Davies Partnership Limited	United Kingdom	100%
Vinpack Limited	United Kingdom	100%
Westry Produce Limited	United Kingdom	100%
Wolfson Trago Limited	United Kingdom	100%
Wycliffe Moore Limited	United Kingdom	100%

*indicates a direct investment of Bellis Finco PLC

All investments listed above have 100% ordinary share capital, except for ASDA Finance Limited which includes 0.1% preference share capital as part of total capital.

The registered address of the entities listed above is ASDA House, Southbank, Great Wilson Street, Leeds, LS11 5AD. The exceptions to this are as follows:

ASDA Finance Limited *12 Castle Street, St Helier, Jersey, JE2 3RT*

ASDA Guernsey Limited *PO Box 25, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3AP*

ASDA Stores (Belfast) Limited *ASDA, 150 Junction One International Outlet, Antrim, United Kingdom, BT41 4GY*

Bellis Acquisition Company 3 Limited, Bellis Acquisition Company 2 Limited & Project America Bidco Limited *13-14 Esplanade, PO BOX 536, St Helier, Jersey*

Forza AW Limited & Forza Foods Limited *Unit 1 Foxbridge Way, Normanton Industrial Estate, Normanton, Wakefield, WF6 1TN*

International Produce Sociedad Limitada *Calle Venecia No.1-1izq, 30700 Torre Pacheco, Murcia, Spain*

Kent Nominee 1 Limited & Kent Nominee 2 Limited *12 Castle Street, St Helier, Jersey, JE2 3RT*

Kober Limited *Unit 1 Foxbridge Way, Normanton Industrial Estate, Normanton, Wakefield, WF6 1TN*

ASDA Express (Jersey) Limited (formerly Euro Garages (Jersey) Limited) *47 Esplanade, St Helier, Jersey, JE1 OBD*

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)

5 Borrowings

		31 December 2025 £m	31 December 2024 £m
<i>Non-current borrowings</i>			
Senior Unsecured Notes	£500.0m 16 February 2027	-	492.4

During the period ended 31 December 2021, the Company issued Senior unsecured notes ("SUNs") with a par value of £500.0m. These notes attracted interest at 4.0% per annum and payments of interest were made on a semi-annual basis. The notes were due to mature on 16 February 2027 and were therefore classified as non-current in the prior year. The notes were repaid in full on 1 July 2025 and the Company has no external borrowings as at 31 December 2025.

6 Amounts due from wholly-owned subsidiaries of the ultimate parent

	31 December 2025 £ m	31 December 2024 £ m
Amounts due from fellow wholly-owned subsidiaries of the ultimate parent	1,366.4	1,757.4

Amounts due from fellow wholly-owned subsidiaries of the ultimate parent attract interest at a fixed rate of 4.25% - 11.94% (2024: 3.45% - 11.94%) and are repayable at their maturity.

In order to assess the probability of default and to determine the value of expected credit losses in respect of the Company's amounts due from fellow wholly-owned subsidiaries of the ultimate parent, the directors have modelled an orderly settlement of all intercompany balances between entities within the Group and entities outside the Group which are fellow wholly-owned subsidiaries of the ultimate parent, including the Company.

This analysis is based on the directors' forecast of future cashflows. Downside sensitivities to the base case assumptions within this forecast have been modelled and in all plausible scenarios, the value of cashflows realised is sufficient to enable full and orderly settlement of all balances. As such, the directors have determined that the probability of default in relation to the Group's intercompany receivables is remote and the impact of expected credit losses is immaterial. Accordingly, the carrying value of the Company's expected credit losses provision in respect of intercompany receivables is less than £0.1m (2024: less than £0.1m).

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)

7 Share capital

Allotted, called up and fully paid shares

	No.	£m
Ordinary shares of £1 each at 31 December 2024 and 31 December 2025	<u>50,001</u>	<u>0.1</u>

8 Share premium and other reserves

	Share premium £ m	Retained earnings £ m	Total £ m
At 1 January 2025	1,280.0	156.8	1,436.8
Profit for the year	<u>-</u>	<u>51.9</u>	<u>51.9</u>
At 31 December 2025	<u>1,280.0</u>	<u>208.7</u>	<u>1,488.7</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Share premium £ m	Retained earnings £ m	Total £ m
At 1 January 2024	1,280.0	137.9	1,417.9
Profit for the year	<u>-</u>	<u>18.9</u>	<u>18.9</u>
At 31 December 2024	<u>1,280.0</u>	<u>156.8</u>	<u>1,436.8</u>

9 Trade and other payables

	31 December 2025 £ m	31 December 2024 £ m
Accrued interest	<u>-</u>	<u>4.9</u>
Amounts owed to wholly-owned subsidiaries of the ultimate parent		
Current	<u>32.2</u>	<u>37.4</u>
Shareholder loan		
Non-current	<u>510.7</u>	<u>457.2</u>

Current amounts owed to wholly-owned subsidiaries of the ultimate parent are non-interest bearing and are repayable on demand.

The £510.7m non-current shareholder loan balance (2024: £457.2m) comprises of a £473.6m subordinated shareholder loan which compounds yearly in May (2024: £401.0m) used to partially fund the acquisition of Asda Express (Jersey) Limited and £37.1m interest accrued on this balance (2024: £56.2m). This loan has a maturity of May 2033 and attracts an interest rate of 11.94%.

10 Commitments

The Company has no financial commitments.

Notes to the Parent Company Statements for the Year Ended 31 December 2025 (continued)

11 Ultimate parent company and parent company of a larger group

At 31 December 2025 and at the date of approval of the financial statements, the Company's immediate parent was Bellis Midco 4 Limited, a company incorporated in Jersey.

At 31 December 2025 and at the date of approval of the financial statements, the ultimate parent company and controlling party was Bellis Topco Limited, which is incorporated in Jersey and is controlled by funds managed by TDR Capital LLP.