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7 October 2025

FY26 H1 Trading & Operational Update

Getting Back to B&M Basics

B&M European Value Retail S.A. ("the Group"), the UK's leading variety goods discount retailer, today announces a Trading and Operational Update for the first half of its current financial year ("FY26"), relating to the 26 week period from 30 March 2025 to 27 September 2025.

Tjeerd Jegen, Chief Executive Officer, said:

"Since becoming CEO in June, I have led the business through a comprehensive review of our customer proposition and operations. We have concluded that while B&M's value proposition remains strong, our operational execution has been weak. This has impacted our first-half trading performance, and this is reflected in the full-year outlook that we publish today.

Our response is a decisive plan, 'Back to B&M Basics', focused on returning the UK business to sustainable like-for-like growth. This is our absolute priority. We have already sharpened our price position, and we are moving with pace to refocus our ranges, improve on-shelf availability and bring back excitement to our stores. We have more work to do, but we are confident these changes will restore consistent like-for-like sales growth over time."

Trading Summary

Fascia Revenues ¹	Q1 FY26		Q2 FY26		H1 FY26	
	£m	Y-o-Y %	£m	Y-o-Y %	£m	Y-o-Y %
B&M UK	£1,131m	+4.7%	£1,065m	+2.3%	£2,196m	+3.5%
B&M France	£136m	+7.6%	£144m	+19.4%	£280m	+13.4%
Heron Foods	£138m	-0.4%	£135m	-1.4%	£273m	-0.9%

Group revenue grew +4.0% in H1 FY26 to £2,749m, primarily driven by B&M UK total value and volume sales growth, good trading momentum in B&M France and the addition of 31 gross and 15 net new stores across our three businesses (23 gross and 9 net in B&M UK, 5 gross and net in France, 3 gross and 1 net in Heron).

B&M UK LFL sales² grew by +0.1% in H1, with positive like-for-like ('LFL') volume and value growth in General Merchandise offset by a decline in FMCG LFL sales. The timing of Easter and the early onset of good weather pulled forward demand for our General Merchandise outdoor ranges in early H1, driving double-digit LFL sales in April. Sales were weak in May as this trend reversed, following which we saw a progressive moderation in LFL sales declines in June and each period during Q2, helped by a return towards higher average value products in General Merchandise and some average selling price ('ASP') inflation in FMCG. Despite this improving trajectory, B&M UK LFL sales declined by -1.1% in Q2, which was weaker than our expectations.

Following the diagnosis of factors impacting our recent operational performance, actions have been identified to improve execution and drive LFL sales growth in B&M UK. These include:

- **Adjusting prices on FMCG Key Value Items ('KVIs')** to sharpen our customer value proposition, where we were price competitive on a blended FMCG basket basis, but needed greater consistency on our relative price position on a number of individual lines. We have therefore cut prices on 35% of our KVIs, lowering the average KVI line price by 1.8%. This move will help drive our price perception with customers over time, and other pricing adjustments have helped limit the impact on our margins.
- **Rebooting our 'Managers Specials' promotions**, which have become too static and duplicative, to bring excitement and great value back to our front-of-store bays. Store managers are now free to select the best lines within a broad framework in response to local merchandising opportunities, starting with our Back-to-School ranges in September and Halloween in September/October, both of which have traded well to date.
- **Refocusing our ranges** to reduce line count and accelerate the clearance of discontinued ranges, particularly in FMCG, home accessories and toys ranges, following a material increase in SKUs in recent years that has introduced complexity for our customers and our operations. The first category pilots will be implemented at the end of October.
- **Restoring product on-shelf availability** which is below industry FMCG benchmarks, resulting

replenishment processes and simpler ranges, our stores will now be focused on ensuring our most popular products are always available to our customers, in order to drive sales performance.

23 gross new stores were opened in B&M UK during H1 (9 net) as part of our plans to deliver between 40-45 gross new stores during the financial year. We are disciplined in renewing leases and acquiring new sites and the trading performance of new stores has met our expectations.

B&M France has continued to trade well, delivering 5.2% LFL sales growth during H1, demonstrating the effectiveness of the B&M value retail offer in a competitive marketplace. 5 new stores were opened during H1 and we remain optimistic on the long-term growth runway for France given the early-stage rollout of the B&M brand there.

Heron Foods continued to trade profitably and opened 3 new stores during H1 (1 net). LFL sales remained pressured while work similar to B&M UK to strengthen LFL revenue growth, organised through similar programmes to B&M UK, has recently started.

The redomicile of B&M European Value Retail S.A. from Luxembourg to Jersey is progressing to plan. The redomicile will simplify our administrative processes and enable greater flexibility in returning capital to shareholders, including through share buybacks, subject to shareholder approval. The process is expected to complete in 2025.

Financial Performance & Outlook

As communicated in our Q1 Trading Update, the gross margin for B&M UK in the first quarter was impacted by ASP deflation in General Merchandise and lower bought-in product margins. The negative effect of this price deflation moderated in the second quarter as we started to annualise these price changes and as new autumn/winter ranges were introduced with higher bought-in margins.

Driven primarily by the LFL performance of B&M UK and lower trading gross margins across the first half, and subject to any final consolidation or audit review adjustments, the Company expects to report Group adjusted EBITDA (pre-IFRS 16) of approximately £198m in H1 FY26 (H1 FY25: £274m). This includes annual Extended Producer Responsibility tax costs of £14m (full annual cost expensed in H1), adverse FX hedge rate non-cash movements of £3m that will unwind in the second half, and higher wage costs due to the rise in national minimum wage and employer National Insurance (an impact of c.£30m before mitigation in H1).

Our September 2025 leverage ratio (defined as Net Debt divided by Group adjusted EBITDA (pre-IFRS 16 basis)) will be slightly above our 1.0-1.5x target range, reflecting lower earnings and seasonal working capital peaks ahead of our Golden Quarter trading period.

We are taking decisive actions to correct the operational weaknesses identified. While the full financial benefits will build over time, we have seen gradually improving trends in UK like-for-like sales and gross margins towards the end of the second quarter.

Taking recent trading into account, and our expectation of an improving LFL trajectory from Q2 levels, Group adjusted EBITDA (pre-IFRS 16) is likely to be in the range of £510m-£560m for FY26. Given the visibility available on operating costs and trading margins, we expect B&M UK's LFL sales will be the principal driver of the outcome within this range, for which we assume a second-half UK LFL percentage growth rate of between low-single-digit negative and low-single-digit positive levels.

The full impact of Back to B&M Basics actions will take 12-18 months to take effect, but we are confident they will restore B&M's value proposition and support a return to sustainable LFL sales growth for B&M UK. With LFL growth, future adjusted EBITDA profit margins are expected to stabilise at least at the FY26 outturn level.

Back to B&M Basics is part of a broader strategy to improve trading, deepen B&M's foundations and accelerate growth. We look forward to sharing more details in our Interim Results presentation on 13th November.

Notes:

1. References in this announcement to the B&M business include the B&M fascia stores in the UK except for the 'B&M Express' fascia stores. References in this announcement to the Heron Foods business include both the Heron Foods fascia and B&M Express fascia convenience stores in the UK.
2. One-year LFL revenues relate to the B&M UK estate only (excluding wholesale revenues) and are based on 26 weeks vs. 26 weeks comparison periods. They include each store's revenue for that part of the current period that falls at least 14 months after it opened compared with its revenue for the corresponding part of FY25. This 14-month approach has been adopted as it excludes the two-month halo period which new stores experience following opening.

Investor Call & Webcast

B&M Retail will host an investor call and webcast at 09:00 AM (BST) today, during which Chief Executive Officer, Tjeerd Jegen and Chief Financial Officer, Mike Schmidt will discuss our H1 trading performance, FY26 outlook and provide a detailed update on our Back to B&M Basics plan.

The registration link for the webcast is available [here](#). The slide pack for the webcast will be made available [here](#).

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About B&M European Value Retail S.A.

B&M European Value Retail S.A. is a variety retailer with 786 stores in the UK operating under the "B&M" brand, 344 stores under the "Heron Foods" and "B&M Express" brands, and 140 stores in France also operating under the "B&M" brand as at 27 September 2025.

The B&M Group was founded in 1978 and listed on the London Stock Exchange in June 2014. For more information, please visit www.bandmretail.com.

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