

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

WH Smith PLC

19 November 2025

**Findings following the independent Deloitte Review; expectations
for the financial year ended 31 August 2025; and
remediation plan being implemented**

The following information is indicative and subject to the conclusion of the full year audit, including the treatment of any prior year adjustments. This update is not a preliminary statement of annual results and has not, therefore, been agreed by the Company's auditors.

Summary of independent Deloitte Review

- Independent and comprehensive review undertaken by Deloitte LLP (the "Deloitte Review") for FY23 to FY25 has been delivered, following announcement on 21 August 2025.
- Key findings identified:
 - o the accounting treatment for supplier income adopted by the North America division was not consistent with the Group's stated accounting policy and consequently was not consistent with the requirements of the relevant accounting standards;
 - o supplier income recognition has been overstated in North America. As a result of this finding, the Company expects prior year adjustments to be recorded;
 - o the overstatement of supplier income identified in the North America division is substantially a timing rather than an existence issue, and relates to the application of accounting standards; and
 - o the methodology and conclusion of the Internal Audit review of supplier income for FY25 across the UK and ROW Travel divisions is appropriate and supplier income has been appropriately recognised in these divisions.
- The North America supplier income issue has arisen against a backdrop of a target-driven performance culture and decentralised divisional structure combined with a limited level of Group oversight of the finance processes in North America. The following factors in North America also contributed:
 - o weaknesses in the composition of the finance team; and
 - o insufficient systems, controls and review procedures for supplier income across commercial and finance functions.

Expectations for the year ended 31 August 2025

The information set out below relates only to the continuing operations of WHSmith and not the businesses disposed of in the financial year ended 31 August 2025.

In addition, alongside the Deloitte Review, the Company has completed an extensive year-end review process for the North America division.

Group

Group Headline trading profit¹ for FY25 is expected to be in the range of £100m-£110m.

¹ Pre-IFRS 16 basis.

North America

In North America, Headline trading profit¹ is expected to be in the range of £5m-£15m, down from the revised expectation of around £25m announced on 21 August 2025 and previous market expectations of £55m.

The revision from the previous market expectation of £55m includes:

- A net reduction in supplier income of c.£22m. This comprises a gross reduction of c.£32m of which c.£20m is deferred to future financial years and c.£12m has not been delivered due to delays in signing supplier income contracts and the under delivery of the commercial plan. Supplier income costs of c.£3m have also been incurred.
- These costs are offset by a potential c.£13m supplier income restatement benefit from prior years.
- Additional one-off costs in the region of £20m relating to inventory:
 - o As part of an extensive year-end review process conducted by the Company, the accounting treatment for inventory related items, primarily in respect of inventory shrinkage and aged inventory provisioning, was identified as not being consistent with the Group's stated accounting policy;
 - o Some of the inventory adjustments (around £10m) relate to FY24 which may require a restatement, subject to completion of the year-end procedure for FY25 and conclusion of the audit process; and
 - o The Group will provide a further update in its preliminary results for the financial year ended 31 August 2025 ("Preliminary Results").
- Expected cost savings of c.£5m not delivered in FY25, largely relating to the delayed restructure of the North America logistics and distribution network.

Supplier income adjustments on a net basis for the prior years are expected to be c.£13m for FY24 and c.£5m for FY23. Approximately £5m of supplier income from these prior years will be recognised in FY26 and beyond.

Travel UK and ROW

Headline trading profit¹ for the UK division is in the region of £130m. Headline trading profit¹ for the ROW division is in the region of £14m.

Central costs and Financing costs

Central costs are expected to be approximately £25m, reflecting a reduction in remuneration costs. Financing costs are expected to be approximately £26m, reflecting the Group's lower net debt position.

Net debt

The Company expects net debt to be in the region of £390m with leverage expected to be around 2.1x as at 31 August 2025.

Other non-underlying costs

The audit process for FY25 is ongoing and the Group will provide a full update on non-underlying costs in its Preliminary Results.

Remediation actions

The Group appointed a new CEO for the North America division in June 2025 and is currently in the process of reviewing the North America leadership team. The Group has also taken steps to strengthen its Group Finance and Audit and Risk teams. In addition, it is developing a robust remediation plan which will be monitored and governed by the Board and appropriately assured. This includes but is not limited to:

- North America division adoption of the global supplier income policy, new governance and controls frameworks and refreshed mandatory training;
- Group-wide implementation of a new supplier income management system accelerated to early 2026;
- Finance Transformation programme approved by the Board to enhance systems, processes, controls and centralise Group Finance oversight;
- The Group's intention to engage a third party assurance provider to support internal audit to review

and validate the Group's key financial controls and processes;

- Strengthening the Board including additional North America retail expertise; and
- A commitment to fostering a culture of integrity, transparency, and accountability; and empowering teams to speak up and embed responsibility at every level.

As a result of the review conducted to date, the Group expects to incur fees of up to £10m within non-underlying costs in FY25. The Group will provide a further update on future remediation costs in its Preliminary Results.

Commenting on today's announcement, Annette Court, Chair of WH Smith PLC said:

"This is an extremely serious matter that has had the Board's full attention, and we sincerely apologise for the shortcomings identified. While the issues identified arose in our North America division, we recognise the importance of strengthening controls, governance and reporting procedures across the Group.

"We have acted swiftly to build a comprehensive remediation plan and will reinforce the financial discipline and integrity that underpin our business moving forward.

"It has also been announced today that Carl Cowling has offered his resignation. Carl will step down as Group CEO and as a Board Director with immediate effect. We wish Carl every success in the future. The Board has begun the search to appoint a new CEO.

"Our priority now is to rebuild trust and credibility and to improve the performance and profitability of our North America division. We are confident that the actions we have taken and will continue to implement over the months ahead will ensure a strong foundation for the business going forward."

Preliminary results for the financial year ended 31 August 2025

As announced on 29 October 2025, the Company's Preliminary Results are expected to be published on 16 December 2025.

Outlook

A full update on the Group's outlook, including guidance on North America, for the financial year ending 31 August 2026 will be provided at the Preliminary Results.

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The person responsible for making this announcement on behalf of the Group is Ian Houghton (General Counsel and Company Secretary).

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