



**Half Year Report
For the Six Months Ended 30 June 2025**

Grafton Group plc

Half Year Report for the Six Months Ended 30 June 2025

Profit growth despite varied market backdrop

Grafton Group plc ("Grafton" or "the Group"), the international building materials distributor and DIY retailer is pleased to announce its half year results for the period ended 30 June 2025.

Financial Highlights

- First half adjusted operating profit was in line with expectations, increasing by 9.5 per cent to £91.0 million (H1 2024: £83.1 million) driven in large part by the contribution of Salvador Escoda
- Continued focus on margin management led to gross margin improvement of 60 basis points which offset the impact of increased overheads connected to inflationary pressure and higher labour costs
- Group operating margin maintained at 7.3% (H1 2024: 7.3%) with adjusted return on capital employed of 10.9% at a similar level to prior year (H1 2024: 11.1%)
- Adjusted earnings per share increased by 6.5% to 35.5p (H1 2024: 33.4p)
- Strong balance sheet of £245.8 million net cash (before lease liabilities) providing significant firepower to capitalise on organic and inorganic development opportunities
- Interim dividend increased by 2.4 per cent and a further £25.0 million share buyback to commence, funded by strong free cash flow generated in 2025
- Full year adjusted operating profit is expected to be broadly in line with analysts' expectations¹ with the important Autumn trading period still to come

Operational Highlights

- Ongoing investment to strengthen and consolidate market positions notwithstanding cyclical lows in activity in some of our geographies
- Integration of Salvador Escoda is progressing well – positive progress in pursuit of further organic and inorganic growth opportunities in Iberia, an attractive and fragmented growth market
- Strong performance in Ireland – acquisition of HSS Hire Ireland complements Chadwicks' hire business, while Woodie's delivered a strong performance in the first half
- UK Distribution returned to profit growth for the first time since 2021 despite a challenging RMI market
- Activity in the Netherlands remains relatively subdued and in Finland a strengthened management team is in place to maximise opportunities when the market recovers from historical lows

Total Operations ²	H1 2025	H1 2024	Change
Revenue	£1,252m	£1,137m	10.1%
Adjusted ³ operating profit	£91.0m	£83.1m	9.5%
Adjusted operating profit before property profit	£91.0m	£83.1m	9.5%
Adjusted operating profit margin before property profit	7.3%	7.3%	-
Adjusted profit before tax	£86.8m	£84.1m	3.2%
Adjusted earnings per share	35.5p	33.4p	6.5%
Interim dividend	10.75p	10.5p	2.4%
Adjusted return on capital employed (ROCE)	10.9%	11.1%	(20bps)
Net (debt) (including IFRS 16 leases)	(£147.3m)	(£46.8m)	(£100.5m)
Net cash (before IFRS 16 leases)	£245.8m	£361.1m	(£115.3m)

Statutory Results	H1 2025	H1 2024	Change
Operating profit	£87.7m	£71.3m	22.9%
Profit before tax	£83.5m	£71.7m	16.5%
Basic earnings per share	35.1p	28.4p	23.3%

¹ Grafton compiled consensus analysts' forecasts for 2025 show adjusted operating profit of circa £185.1 million and a range of £184.0 million to £187.3 million.

² Supplementary financial information in relation to Alternative Performance Measures (APMs) is set out on pages 39 to 44.

³ The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items in both periods, which are defined on page 39.

Eric Born, Chief Executive Officer Commented:

"Grafton delivered a resilient performance in the first half, with revenue and profit approximately 10 per cent higher than the same period last year, driven by strong contributions from Spain and Ireland. Following the platform acquisition of Salvador Escoda, non-UK markets now account for approximately 64 per cent of the Group's turnover. Given our ambition to be a leading player in the European building materials distribution market and our exposure to the growing and fragmented Iberian market, we would expect that diversification trend to continue.

"Whilst we saw an easing of trading momentum towards the end of May and into June, the start of the second half has seen a return to growth of Group average daily like-for-like revenue. Outlook for the full year varies by market, but in the round, and with the important Autumn trading months to come, we expect full year adjusted operating profit to be broadly in line with analysts' expectations.

"More widely, after having returned over £403 million to shareholders by buying back almost one fifth of the Group's shares since May 2022, our strong balance sheet and liquidity leaves Grafton in an excellent position to execute our growth strategy. Despite lingering cyclical lows, we continue to invest in the UK, the Netherlands and Finland, given their strong recoverability potential over time. In addition to organic development, we are actively pursuing bolt-on and platform acquisitions in our chosen European markets."

Webcast and Conference Call Details

A copy of the results presentation document will be available at 7:00am on 4 September 2025 via the home page of the Company's website www.graftonplc.com.

A presentation for analysts and investors will be hosted by Eric Born and David Arnold at 9:00am on 4 September 2025. A live webcast of the presentation including Q&A will be available to view via the Company's website at www.graftonplc.com or by clicking [here](#).

Analysts will be invited to raise questions during the presentation. Should investors wish to submit a question in advance, they can do so before 8.15am on 4 September 2025 by sending an email to ir@graftonplc.com. A recording of the webcast will be made available on the Company's website.

Investors		Media	
Grafton Group plc	+353 1 216 0600	Murray	pwalsh@murraygroup.ie
Eric Born	Chief Executive Officer	Pat Walsh	+353 1 498 0300/+353 87 226 9345
David Arnold	Chief Financial Officer	Burson	GraftonGroup@buchanancomms.co.uk
		Buchanan	
		Helen Tarbet	+44 (0) 7872 604 453
		Simon Compton	+44 (0) 7979 497 324
		Toto Berger	+44 (0) 7880 680 403

Forward-looking statements

This announcement may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "outlook," "believe(s)," "expect(s)," "potential," "continue(s)," "may," "will," "should," "could," "would," "seek(s)," "predict(s)," "intend(s)," "trends," "plan(s)," "estimate(s)," "anticipates," "projection," "goal," "target," "aspire," "will likely result" and other words and terms of similar meaning or the negative versions of such words or other comparable words of a future or forward-looking nature. These forward-looking statements include all matters that are not historical facts and include statements regarding Grafton's or its affiliates' intentions, beliefs or current expectations concerning, among other things, Grafton's or its affiliates' results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Grafton's or its affiliates' actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Grafton's or its affiliates' results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods. The directors do not undertake any obligation to update or revise any forward-looking statements, whether because of new information, future developments or otherwise.

Half Year Report for the Six Months Ended 30 June 2025

Business Review

Grafton's trading performance in the first half of 2025 reflects the resilience of its diversified operations and the tangible benefits of self-help actions, despite a continuing weak trading environment outside of Ireland and Spain. Supported by our strong free cash flow generation and balance sheet, we continue to invest to strengthen and consolidate our market positions despite cyclical lows in activity in some of our geographies; this positions the Group to leverage meaningful profitability growth when the recovery gets underway. We believe there are many opportunities for consolidation across our markets and remain focused on identifying and executing acquisitions to reinforce and increase our presence and support our long-term growth ambition to be a leading player in the European building materials distribution market.

Following a slow start to the year, trading activity gained momentum as weather conditions improved but then eased from mid-May and into June across many of our businesses, coinciding with a spike in global uncertainties which impacted customer confidence.

The Group's gross margin improved by 60 basis points in the first half, reflecting a strong focus on margin management across all businesses. This was underpinned by targeted pricing actions and a focus on delivering value for our customers, procurement efficiencies, and successful negotiations for enhanced supplier support.

Our management teams have taken decisive action to mitigate cost pressures by optimising staff rosters and deployment, streamlining processes and implementing efficiency initiatives. As a result, the improvement in gross margin offset the impact of continuing cost pressures being felt across the Group because of substantial increases in minimum wage levels, national insurance in the UK and local collective labour agreements, alongside higher property costs where rents are often linked to inflation benchmarks.

Adjusted operating profit increased to £91.0 million (2024: £83.1 million) in the first half with the increase driven in large part by the contribution from the recently acquired Salvador Escoda business in Spain.

We are pleased with the results of our Ireland Distribution and Retailing businesses, both of which achieved good growth in profitability in the first half of 2025. Chadwicks performed well in the first half, with revenue higher as a result of materials price inflation and benefiting from its strong market position, despite a broadly flat construction market. Profitability improved largely due to higher sales and an improvement in gross margin more than offsetting increased overheads. Woodie's delivered a robust performance, supported by a continuous focus on strengthening its customer proposition and resilient consumer spending in Ireland, to further grow profitability and operating margin in the first half.

Our UK Distribution business returned to profit growth, from a cyclically low base, in the first half despite a continuing weak RMI market backdrop, especially in the greater London area. Targeted commercial actions improved gross margin which more than offset significant cost pressures, particularly from rising labour and property-related expenses.

In the Netherlands, construction activity remains subdued and profitability declined in the first half largely due to inflationary pressure on overheads. Good progress was made as part of a multi-year business improvement project covering the operating model and supporting systems which will realise benefits to customers, increase efficiencies and reduce the cost to serve.

In Spain, the integration of Salvador Escoda, which was acquired by the Group on 30 October 2024, continues to progress well. The business is benefitting from ongoing active collaboration with Group functions and sister businesses to identify and execute opportunities to further build on its strong position in the Spanish market. Trading in the first half, which was in line with pre-acquisition expectations, contributed revenue of £104.2 million and adjusted operating profit of £6.5 million. The Group continues to support the local management team to drive organic growth while actively assessing acquisition opportunities in the attractive and fragmented Iberian market, where we have the opportunity to be both a consolidator and a compounder.

Our Finland Distribution business, IKH, reported a significant drop in profitability in the first half. Trading activity declined largely due to historically weak market conditions and adverse weather impacting seasonal sales but there were also some temporary operational challenges which are being actively addressed by the strengthened management team.

In our manufacturing segment, CPI EuroMix delivered strong profitability growth, supported by higher volumes and improved fixed cost absorption. Following a strong start to the year, driven by housebuilding customers accelerating build in the early part of the year, momentum eased in the second quarter. StairBox delivered improved profitability, despite RMI demand remaining relatively weak, largely due to active management of input costs and gross margin management together with tight cost control.

Returns to Shareholders

Dividends

The Board has declared an interim dividend of 10.75 pence per share, an increase of 2.4 per cent on last year's interim dividend of 10.50 pence.

The interim dividend increase is below the rate of growth in earnings per share in the first half, as it is the Board's intention to restore, in due course, full year dividend cover to within the Board's medium-term target range of between two and three-times adjusted earnings, supporting a disciplined approach to capital allocation. In 2024, dividend cover was slightly beneath this target range at 1.9 times and is likely to remain slightly below this target in the current year.

The interim dividend for 2025 will be paid on 10 October 2025 by Grafton Group plc to shareholders on the Register of Members at the close of business on 12 September 2025 (the 'Record Date'). The ex-dividend date is 11 September 2025.

In the half year, we had a cash outflow of £51.8 million on the payment of the final dividend for 2024. Only dividends paid in the half year have been charged to equity and no liability for the interim dividend has been recognised at 30 June 2025 as there was no payment obligation at that date.

Share Buybacks

Reflecting its disciplined approach to capital deployment and supported by its resilient balance sheet and strong cash conversion, Grafton has completed six share buyback programmes since May 2022. This has returned cash of £403.3 million to shareholders through share buybacks reflecting the repurchase of 46.54 million ordinary shares at an average price of £8.67 per share. In total, the Group has reduced its share capital by 19.4 per cent since the first buyback programme commenced.

The sixth share buyback programme was launched on 6 March 2025 to buy back ordinary shares in the Company for an aggregate consideration of up to £30 million and fulfilled a commitment in 2024 to use the free cash flow generated that year to return capital to shareholders through a combination of dividend payments and share buybacks. At 30 June 2025, the Group had purchased 3.00 million of ordinary shares in aggregate for cancellation at a total cost, including transaction costs, of £27.1 million. However, due to timing, only 2.83 million ordinary shares were cancelled at 30 June 2025 and the remaining 0.17 million ordinary shares purchased for £1.8 million were cancelled in July 2025. This programme completed on 8 July 2025 and involved the repurchase of 3.29 million ordinary shares at an average share price of £9.11 per share.

Capital allocation decisions are regularly reviewed by the Board which is committed to maintaining a disciplined approach to the deployment of capital. Reflecting the Group's strong cash generation and our positive conviction on Grafton's future prospects, a new share buyback programme for up to £25.0 million is announced today commencing on 4 September 2025. The highly cash generative nature of the Group enables us to return capital to shareholders while continuing to actively pursue a robust and growing pipeline of acquisition opportunities. The seventh share buyback programme will commence today and end no later than 31 January 2026, subject to market conditions.

Outlook

We expect to deliver full year adjusted operating profit broadly in line with analysts' expectations recognising the important Autumn trading season has still to come.

Positive trading conditions are expected to continue in Ireland and Spain; however, we anticipate a continuation of similar trading conditions in our other geographies in the second half of 2025. In our recent trading update in early July, we noted an easing of trading momentum from mid-May into June however since then and up to 24 August, we have seen a return to growth of Group average daily like-for-like revenue.

Notwithstanding the impact of US imposed tariffs and any associated economic consequences, the medium-term fundamentals remain positive for Grafton, with structural housing shortages across all our geographies and an expected recovery in RMI demand after several consecutive years of low levels of investment by households.

In Ireland, the outlook for the economy in the second half remains cautiously optimistic and construction activity in the second half of 2025 is expected to mirror the trends observed in the first half. The prospects for growth in the construction market remain positive, driven by strong government support and the recently announced revised €112 billion National Development Plan aimed at housing and infrastructure.

In the UK, we remain cautious on the near-term outlook for RMI demand. We are well positioned to capitalise on a recovery in demand, though believe a meaningful recovery of volumes is unlikely this year particularly as a result of recent speculation around property taxes. However, higher household savings and pent-up demand are expected to progressively support increased investment in home improvement projects once confidence returns. The pace of growth in new housebuilding in the UK, which indirectly affects RMI spend through its linkage with housing transactions and which directly affects the performance of CPI EuroMix, remains uncertain though structural underinvestment makes this a key focal point for Government policy.

The anticipated recovery in construction activity in 2025 in the Netherlands has yet to materialise in a meaningful way and both the timing and extent of any activity upturn remains uncertain. Nevertheless, the medium-term outlook is positive, supported by a robust project pipeline and a persistent housing shortage underpinned by population growth.

Spain continues to be one of the fastest-growing economies in Europe. Spain's construction sector is set to grow by 3–4 per cent in 2025, supported by strong economic performance, increased Foreign Direct Investment and a rise in building permits. The medium-term outlook for construction remains positive, supported by ongoing population growth and a structural housing shortage. The heating, ventilation, air conditioning ("HVAC") segment is particularly well-positioned for growth due to regulatory pressure to improve energy efficiency and the adoption of advanced technologies in renovation and retrofit projects, in addition to climate change projects linked to increasing temperatures on the Iberian Peninsula.

Indicators show that confidence in Finland's construction sector remain very weak with the overall economy expected to see relatively little growth in 2025 before returning to modest levels of growth in 2026. The operational improvements we are making in IKH, combined with its strong market position, mean it is well positioned to benefit from the recovery in the wider economy.

Group average daily like-for-like revenue in the period from 1 July 2025 to 24 Aug 2025 was 2.3 per cent ahead of the same period last year, supported by strong growth in Ireland and in our manufacturing businesses. UK Distribution average daily like-for-like revenue was broadly flat and similar to the trend in the first half whilst showing an improvement in comparison to the weak trading activity experienced from mid-May to the end of June. Sales in the Netherlands were impacted by the timing of regional holidays and weaker project related sales. In Finland, performance continues to be below expectations against the backdrop of a weak economy and management are taking active steps to improve performance. Our manufacturing businesses performed well in comparison to a weak trading period in the prior year.

On a pro-forma basis in comparison to prior year, average daily like-for-like revenue in Spain increased by 9.4 per cent due to a strong air conditioning summer campaign supported by hotter weather conditions.

Average Daily Like-for-Like Revenue Change in Constant Currency		
	H1 2025	1 July 2025 – 24 Aug 2025
Distribution		
Ireland	+3.7%	+5.3%
UK	+0.2%	(0.2%)
Netherlands	+2.8%	(1.1%)
Finland	(4.2%)	(9.0%)
Retailing	+7.6%	+8.7%
Manufacturing	+5.2%	+11.9%
Total Group	+2.4%	+2.3%

Segmental Review

The Distribution businesses in Ireland, the UK, the Netherlands, Finland and Spain contributed 84.5 per cent of Group revenue (2024: 83.7 per cent), Retailing 11.0 per cent (2024: 11.5 per cent) and Manufacturing 4.5 per cent (2024: 4.8 per cent).

Geographically, businesses in Ireland contributed 37.1 per cent (2024: 39.7 per cent) of Group revenue, UK 35.8 per cent (2024: 39.2 per cent), the Netherlands 14.0 per cent (2024: 15.4 per cent), Finland 4.8 per cent (2024: 5.7 per cent) and Spain 8.3 per cent (2024: N/A).

All our businesses had one fewer trading day compared to the same period in the prior year, except for the Netherlands, Spain and Finland, which each had two fewer trading days.

Distribution Segment (84.5% of Group Revenue, 2024: 83.7%)

	H1 2025	H1 2024	
	£'m	£'m	Change*
Revenue	1,058.0	951.8	11.2%
Adjusted operating profit before property profit	67.7	62.2	8.8%
Adjusted operating profit margin before property profit	6.4%	6.5%	(10bps)

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers

Ireland Distribution (25.9% of Group Revenue, 2024: 27.9%)

	H1 2025	H1 2024		Constant Currency Change*
	£'m	£'m	Change*	
Revenue	323.8	317.2	2.1%	3.5%
Adjusted operating profit before property profit	31.5	29.7	6.0%	7.3%
Adjusted operating profit margin before property profit	9.7%	9.4%	30bps	-

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers

Our Ireland Distribution business, Chadwicks, performed well in the first half as trading activity continued to recover from poor weather in January. Average daily like-for-like revenue was up 3.7 per cent in the first half, largely due to materials price inflation of 3.5 per cent, which accelerated in the second quarter.

The overall construction market in Ireland was broadly flat in the first half of the year. While activity in the commercial sector has increased after several years of decline, the necessary ramp up in housing supply has yet to materialise. This is primarily due to continuing external challenges such as planning delays, difficulties with utility connections, and labour shortages that continue to constrain the pace of supply expansion.

Active commercial management including increased supplier support delivered an improvement in gross margin which more than offset higher overheads and inflationary pressure despite tight control of discretionary costs.

Adjusted operating profit before property profit increased to £31.5 million (H1 2024: £29.7 million) and adjusted operating profit margin before property profit was 30 basis points ahead of 2024 at 9.7 per cent.

The integration of HSS Hire Ireland, acquired on 31 May 2025, is progressing well, with early trading in line with expectations. HSS Hire Ireland is a tool and equipment hire specialist operating from four branches and four customer distribution centres in the Republic of Ireland. It offers an extensive range of conventional hire products as well as specialist equipment with a particular focus on powered access machinery. This acquisition aligns with Chadwicks' strategy of consolidating its market position in Ireland and enhancing its value proposition by broadening its offering to support its long-term growth objectives.

The medium-term outlook for growth in the construction sector remains positive, underpinned by strong policy continuity and renewed government support to accelerate housing delivery. The recently announced revised National Development Plan marks the largest capital investment in Ireland's history, allocating €112 billion between 2026 and 2030 to accelerate housing delivery and upgrade critical infrastructure. In the near term, we expect construction activity in the second half of 2025 to mirror the trends observed in the first half.

UK Distribution (31.5% of Group Revenue, 2024: 34.7%)

	H1 2025	H1 2024	
	£'m	£'m	Change*
Revenue	394.4	394.4	-
Adjusted operating profit before property profit	13.9	12.6	10.3%
Adjusted operating profit margin before property profit	3.5%	3.2%	30bps

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers

In UK Distribution, Grafton operates as Selco, Leyland SDM and TG Lynes in Great Britain with a predominant geographical exposure to London and the Southeast. In Northern Ireland, MacBlair is a leading traditional builders' merchant.

Average daily like-for-like revenue in the UK Distribution business was 0.2 per cent higher in the first half supported by a slight pick-up in product price inflation to 1.9 per cent. Following a slow start to the year, average daily like-for-like revenue declined by 1.9 per cent in the first quarter. Despite a 2.0 per cent increase in average daily like-for-like revenue in the second quarter, market conditions softened noticeably from mid-May through June. Total revenue was in line with 2024 with new branches opened in Leyland SDM contributing revenue of £1.3 million in the first half.

The UK economy posted stronger than expected growth in the first quarter, buoyed by a surge in housing transactions in advance of changes to stamp duty on 1 April and a rebound in manufacturing output, partly driven by increased exports to the US to avoid newly imposed tariffs. However, economic momentum softened towards the end of the second quarter, as the temporary boost from housing and exports faded and rising global uncertainties weighed on consumer confidence. Overall, RMI demand remains soft, especially in and around London and the Southeast which accounted for 63 per cent of Grafton's distribution revenue in Great Britain in the first half, reflecting ongoing weakness in consumer sentiment.

Despite the weak volume environment, gross margin increased in UK Distribution in the first half, reflecting our active commercial strategy. While overheads were higher in comparison to the prior year due to inflationary pressure across the cost base, the rate of increase was contained. Overheads increased on a like-for-like basis by 1.6 per cent because of cost reduction actions across the businesses and strict controls on discretionary expenditure.

Adjusted operating profit before property profit increased to £13.9 million (H1 2024: £12.6 million) and adjusted operating profit margin before property profit was 30 basis points higher at 3.5 per cent as the improvement in gross margin more than offset higher overheads.

At **Selco**, average daily like-for-like revenue increased by 0.5 per cent in the first half, aided by material price inflation of 2.0 per cent. Volumes however continued to decline in the first half reflecting both the competitive trading environment and a tactical focus on reducing low value deliveries that fail to generate the required financial return.

Although remaining well below our expectations of returns in a normal market, adjusted operating profit before property profit was strongly ahead in the first half, largely due to improved gross margin more than offsetting higher overheads.

Leyland SDM, the leading decorating and DIY brand across Greater London, continued to experience very challenging trading conditions. Average daily like-for-like revenue declined by 8.2 per cent in the first half resulting in a decline in adjusted operating profit before property profit compared to prior year.

Despite challenging market conditions, adjusted operating profit before property profit in our **TG Lynes** business in London was broadly in line with prior year as the business focused on higher margin projects.

In our **MacBlair** business in Northern Ireland, average daily like-for-like revenue increased by 3.2 per cent in the first half, driven by an improving RMI market and a notable increase in self-build housing activity. Despite an improving market backdrop, competitive pricing pressure locally and inflationary cost pressure resulted in adjusted operating profit before property profit being lower than the first half of last year.

Despite the challenging market conditions in the UK in recent years, the Group continued to open new branches and invest in both refurbishment of existing locations and expanding our product offering to better serve customers. As one of Europe's largest construction markets and somewhere we have operated successfully for many years, we are focused on continuing to grow our business in the UK both through pursuing new organic growth opportunities in our existing businesses as well as potential acquisitions. The medium-term fundamentals remain positive, underpinned by Government's plans to significantly increase new housing activity given population growth and a supply deficit.

Netherlands Distribution (14.0% of Group Revenue, 2024: 15.4%)

	H1 2025	H1 2024		Constant Currency Change*
	£'m	£'m	Change*	
Revenue	175.2	175.2	-	1.4%
Adjusted operating profit before property profit	13.9	15.2	(8.0%)	(6.7%)
Adjusted operating profit margin before property profit	8.0%	8.7%	(70bps)	-

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers

The business in the Netherlands, which trades under the Isero and Polvo brands across 124 branches, is the market leader in the distribution of ironmongery, tools and fixings products.

Average daily like-for-like revenue increased by 2.8 per cent in the first half, driven primarily by strong branch sales and growth in national key accounts, in addition to modest price increases of circa 1 per cent. Following a strong start to the year, momentum softened due to the completion of major construction projects and delays in new project commencements.

Market conditions remain uncertain in the Netherlands. Notwithstanding an improvement in the number of housing transactions in the market, the recovery of annualised housing permits in the second half of 2024 reversed to a decline in the first half of this year. Despite a continuing structural shortage in new homes, planning objections and regulatory restrictions continue to delay the start-up of new projects. The announced two-year rent freeze for social housing, which was reversed in June following the collapse of the Dutch coalition government, resulted in some postponed investment in social housing in the first half of the year.

Due to active commercial management, gross margin increased in the first half despite the adverse mix effect of large construction projects and key accounts accounting for a higher proportion of sales.

Overheads increased in comparison to prior year, partly due to new branch openings but largely because of wage inflation linked to industry-wide collective labour agreements, negotiated amid a continuing tight labour market.

Adjusted operating profit before property profit declined to £13.9 million (H1 2024: £15.2 million) and adjusted operating profit margin before property profit was 70 basis points lower at 8.0 per cent largely reflecting the inflationary pressure on overheads.

Good progress was made as part of a multi-year business improvement project covering the operating model and supporting systems which, once fully implemented across the Dutch business, will realise benefits to customers, increase efficiencies and reduce the cost to serve.

The anticipated recovery in activity in 2025 has yet to materialise, and both the timing and extent of any upturn of activity remains uncertain. The medium-term outlook remains positive, supported by a strong project pipeline among major construction contractors and a persistent structural housing shortage, underpinned by continued population growth.

Our branch network in the Netherlands has strong national coverage, particularly in major population centres, except in the eastern part of the country where there is scope for further expansion. We continue to seek opportunities to expand our market position to support further growth as the market recovers.

Spain Distribution (8.3% of Group Revenue, 2024: 0.0%)

	H1 2025
	£'m
Revenue	104.2
Adjusted operating profit before property profit	6.5
Adjusted operating profit margin before property profit	6.3%

Salvador Escoda, which was acquired by the Group on 30 October 2024, is one of Spain's leading distributors of HVAC, water and renewable products serving professional installers across the residential, commercial and industrial sectors. The business operates through 92 strategically located branches across Spain, supported by four distribution centres in Barcelona, Madrid, Seville, and Valencia. While the branch network spans most regions of the country, it has a stronger presence in the hottest regions such as Catalonia, Valencia, Andalusia, and Madrid.

The business offers over 100,000 products, primarily serving professional installers with a focus on the HVAC sector. Over 90 per cent of the range comprises technical installation products, catering mainly to installation companies, technicians, and small distributors. The business is differentiated through its strong private label portfolio, with approximately 60 per cent of sales in the first half of 2025 from high-quality own brands. Demand for energy-efficient HVAC products continues to grow, driven by regulatory requirements for residential energy upgrades and rising regional temperatures.

The integration of Salvador Escoda continues to progress well. The business is already benefitting from active collaboration with Group functions and sister businesses to identify and execute opportunities to further build on its strong position in the Spanish market. During the first half of 2025, Salvador Escoda reported revenue of £104.2 million and delivered an adjusted operating profit before property profit of £6.5 million, representing an adjusted operating profit margin before property profit of 6.3 per cent. Trading to date, under the Group's ownership of the business, has been in line with pre-acquisition expectations.

On a pro-forma basis in comparison to prior year, average daily like-for-like revenue in the first half was 6.9 per cent higher, supported by the timing of strong project-related sales and favourable market conditions. Gross margin dipped slightly largely due to unfavourable mix both in terms of products and project related sales. Overheads were higher largely due to inflationary pressure, new branch openings and costs related to new hires. Adjusted operating profit before property profit was higher in comparison to the first half of 2024 primarily due to stronger sales.

Spain continues to be one of the fastest-growing economies in Europe. The construction sector is forecast to expand by 3–4 per cent in 2025, underpinned by rising Foreign Direct Investment, easing inflation, increased building permits, and improving business confidence. The medium-term outlook for construction remains positive, supported by ongoing population growth and a structural housing shortage. The HVAC sector is poised for strong growth, driven by regulatory momentum around energy efficiency, heightened consumer awareness of energy efficiency, the adoption of advanced technologies in renovation and retrofit projects and climate change which is expected to result in increasing temperatures on the Iberian Peninsula.

The Group continues to support the local management team in driving organic growth, with a new branch opened in Vic in Catalonia in the first half. We made positive progress in pursuit of acquisition opportunities in the HVAC and adjacent sectors within the attractive and fragmented Iberian market. We have the opportunity to be both a consolidator and a compounder in this market with an objective to significantly scale the business over the next five years.

Finland Distribution (4.8% of Group Revenue, 2024: 5.7%)

	H1 2025	H1 2024		Constant Currency Change*
	£'m	£'m	Change*	
Revenue	60.4	65.1	(7.1%)	(5.8%)
Adjusted operating profit before property profit	1.8	4.7	(61.8%)	(61.6%)
Adjusted operating profit margin before property profit	3.0%	7.3%	(430bps)	-

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers.

IKH is a leading distributor, based in Finland, of workwear, PPE, tools, and spare parts, with a number two market position in its core tools and PPE segments.

Average daily like-for-like revenue declined by 4.2 per cent compared to prior year primarily due to challenging market conditions, unfavourable weather patterns which reduced sales of seasonal products and temporary operational challenges which affected the internal supply chain which are being decisively and actively addressed. The Finnish construction sector's recovery, following two years of decline, has been slower than anticipated, with a lack of large projects intensifying market competition and new building starts at a 30-year low. To address supply chain operational challenges in the period, targeted process improvements and inventory management initiatives have been implemented by the new supply chain management team.

Gross margin declined in comparison to the same period last year largely due to competitive pricing pressure and sell through of slow-moving inventory at discounted prices.

Overheads increased compared to the prior year, driven by inflationary pressure, strategic investments to strengthen the management team and one-off costs related to the implementation of business improvement projects.

Adjusted operating profit before property profit declined to £1.8 million (H1 2024: £4.7 million) and adjusted operating profit margin before property profit was 430 basis points lower at 3.0 per cent largely reflecting the decline in sales and gross margin and higher overhead costs.

Indicators show that confidence in Finland's construction sector remain very weak with the overall economy expected to see relatively little growth in 2025 before returning to modest levels of growth in 2026. Operational improvements we are making in IKH, combined with its strong market position, mean it is well positioned to benefit from the recovery in the wider economy.

Anu Ora was appointed as the new CEO of IKH with effect from June 2025. Anu is a highly experienced business leader with extensive experience in the food retail sector and the automotive parts distribution industry in Finland. Anu, together with recent appointments strengthening the senior management team, will be focused on further reinforcing and developing IKH's proposition in the marketplace.

Retail Segment (11.0% of Group Revenue, 2024: 11.5%)

	H1 2025	H1 2024		Constant Currency Change*
	£'m	£'m	Change*	
Revenue	138.1	130.7	5.6%	7.0%
Operating profit before property profit	19.2	17.2	11.2%	12.2%
Operating profit margin before property profit	13.9%	13.2%	70bps	-

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers

The Woodie's DIY, Home and Garden business in Ireland had a strong performance in the first half of the year. Woodie's focused customer proposition supported strong growth across its business as consumer spending remained resilient in Ireland despite macroeconomic uncertainties.

Average daily like-for-like sales were up 7.6 per cent in the first half in comparison to prior year. Favourable weather conditions underpinned a particularly strong performance in plants and garden related products with some seasonal demand pulled forward into the spring trading months. Revenue growth of 7.0 per cent, in constant currency, was supported by increases of 5.5 per cent in the number of transactions and 1.5 per cent in average transaction value. Online sales increased by 34.6 per cent in the first half of the year, representing 4.7 per cent of total sales.

Building on the successful introduction of the 'Home Shop in Shop' concept across eleven stores, an additional seven stores were upgraded in the first half of the year. This continued rollout strengthens the in-store proposition and elevates the customer experience within the home category. In addition, the Navan store was completely refurbished including an improved store layout.

Gross margin improved in the first half largely due to higher commercial income from suppliers and tight control of costs. The increased level of revenue led to better overhead efficiency notwithstanding that overheads were higher due to a further increase in the National Minimum Wage and general inflationary pressures. The business has continued to streamline processes, leverage technology and proactively manage staff rostering to offset the impact of mandated minimum wage increases.

Adjusted operating profit before property profit increased to £19.2 million (2024: £17.2 million) in the first half and adjusted operating profit margin before property profit was 70 basis points higher at 13.9 per cent as higher sales and gross margin more than offset considerable cost challenges.

While macroeconomic uncertainty persists, the outlook for the second half remains cautiously optimistic, underpinned by continued growth in the Irish economy. Notwithstanding the impact of US imposed tariffs and any associated economic consequences, the outlook for Irish economic growth remains positive.

We continue to explore opportunities to expand our store network in Ireland to complement and strengthen our existing footprint, while also investing in the expansion of our product range to better meet the evolving needs of customers.

Manufacturing Segment (4.5% of Group Revenue, 2024: 4.8%)

	H1 2025	H1 2024		Constant Currency Change*
	£'m	£'m	Change*	
Revenue	56.3	54.6	3.1%	3.2%
Adjusted operating profit before property profit	12.2	11.0	10.9%	11.1%
Adjusted operating profit margin before property profit	21.6%	20.1%	150bps	-

*Change represents the movement between 2025 v 2024 and is based on unrounded numbers

CPI EuroMix operates ten manufacturing plants across Great Britain, supplying dry mortar to national, regional, and local housebuilders and their subcontractors.

Following a sharp market contraction in 2024, a gradual recovery was anticipated in 2025, supported by ongoing government initiatives to increase housing supply. The year began strongly, driven by housebuilders increasing output, but momentum eased in the second quarter. Bulk product volumes, which represent approximately 90 per cent of revenue, increased by 5.7 per cent compared to 2024, driven by higher volumes from housebuilding customers on existing sites.

Overheads increased modestly compared to the prior year, with proactive cost management helping to offset inflationary pressures. A centralised field service hub is now fully operational across all sites, providing enhanced support and customer service from a single location to strengthen the overall customer proposition and reduce costs. Adjusted operating profit before property profit delivered strong year-on-year growth, underpinned by higher volumes and improved fixed cost absorption.

The timing and extent of recovery in housebuilding, which was anticipated to be weighted to the second half of 2025, remains uncertain. The medium-term outlook for UK housebuilding remains favourable, underpinned by a structural undersupply of new homes, anticipated interest rate reductions, and ongoing government initiatives to boost housebuilding and reform the planning system.

StairBox, the market leading manufacturer of bespoke timber staircases and wooden windows and doors, had good sales growth in the first half of the year in comparison to prior year. Demand in the RMI market in the UK remains relatively weak as consumer confidence remains subdued.

Revenue increased in the first half, despite volumes of bespoke staircases being broadly in line with prior year, largely due to selling price inflation and higher volumes of wooden windows. Gross margin improved in the first half largely due to tight cost control and relatively stable raw material prices resulting in higher adjusted operating profit before property profit in comparison to the first half of 2024.

While market conditions remain challenging, the business is actively pursuing opportunities to drive sales growth by the launch of a pre-finished range of windows and doors and the commissioning of a new professional spray line, enabling delivery of pre-painted windows with industry-leading lead times.

The consolidated results for the first half of 2025 include five months of trading, representing adjusted operating profit before property profit of £1.0 million, from the Group's **MFP** piping business in Ireland prior to its divestment on 31 May 2025 to Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited. The net profit on the disposal of the MFP business was £7.8 million in the first half which is reported under 'Exceptional items'. As part of the agreement to sell MFP, Grafton will continue an ongoing trading relationship for the supply of products with Pipelife Ireland Solutions Limited.

Financial Review

Revenue

Group revenue was up 10.1 per cent to £1.25 billion from £1.14 billion in the first half of 2025. Group revenue in the like-for-like business increased by 1.4 per cent (£16.2 million) on the prior year.

The increase in average daily like-for-like revenue was 2.4 per cent compared to prior year.

Incremental revenue from the Salvador Escoda acquisition, which was completed in 2024, increased revenue by £104.2 million. The HSS Hire Ireland acquisition, which completed in May 2025, increased revenue by £2.2 million.

New branches opened in 2024 in the Netherlands (four), and UK Distribution (two) contributed revenue of £2.2 million in H1 2025.

Currency translation of revenue in the euro denominated businesses to sterling decreased revenue by £9.5 million. The average Sterling/Euro rate of exchange for the six months ended 30 June 2025 was Stg84.23p compared to Stg85.47p for the six months ended 30 June 2024.

Adjusted Operating Profit

Adjusted operating profit of £91.0 million was up from £83.1 million last year, an increase of £7.9 million (9.5 per cent). This result for the half year included property profit of £Nil (H1 2024: £Nil).

The adjusted operating profit margin before property profit remained constant at 7.3 per cent.

Net Finance Income and Expense

The net finance expense was £4.2 million which compares to net finance income of £0.3 million for the period ended 30 June 2024. This incorporates an interest charge of £7.5 million (H1 2024: £7.6 million) on lease liabilities recognised under IFRS 16. Interest income on cash deposits amounted to £9.1 million (H1 2024: £12.0 million).

Returns on deposits and account balances decreased in the half year and reflected lower Bank of England and European Central Bank base rates in the first half of the year compared to the prior year and lower cash balances following the Group's acquisition of Salvador Escoda on 30 October 2024 and completion of recent share buyback programmes.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland, and Spain. Interest payable on bank borrowings denominated in euro and US Private Placement Senior Unsecured Notes was £4.6 million (H1 2024: £4.1 million). This reflects a combination of higher bank debt acquired with the Salvador Escoda acquisition offset by lower interest rates payable on bank debt as the European Central bank rates reduced in the first half of the year.

The net finance expense included a foreign exchange translation loss of £1.1 million which compares to a gain of £0.9 million in the prior period. The average sterling/euro rate of exchange for the six months ended 30 June 2025 was Stg84.23p (six months ended 30 June 2024: Stg85.47p). The sterling/euro exchange rate at 30 June 2025 was Stg85.55p (30 June 2024: Stg84.64p and 31 December 2024: Stg82.92p).

Taxation

The income tax expense of £14.7 million (2024: £14.3 million) is equivalent to an effective tax rate (before the exceptional profit on disposal) of 19.5 per cent of profit before tax (2024: 20.0 per cent). The rate for the six months ending 30 June 2025, after the exceptional profit on disposal is included, is lower at 17.7 per cent (2024: 20.0 per cent). The rate is lower than anticipated at the start of the financial year and reflects the blend of the Group's corporation tax on profits in the five countries where the Group operates and is based on the current forecast rate for the full year.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates.

Cash flow

Cash generated from operations for the half year of £147.6 million (H1 2024: £161.1 million) was strong and benefitted from a reduction in working capital of £4.9 million (H1 2024: reduction of £22.2 million). Working capital and inventory is a critical component of our customer proposition; maintaining high levels of stock availability is a key focus for all Grafton's businesses.

Interest paid amounted to £12.3 million (H1 2024: £11.7 million) which included interest of £7.5 million on IFRS 16 lease liabilities (H1 2024: £7.6 million). Taxation paid was £16.9 million (H1 2024: £12.4 million). Cashflow from operations after the payment of interest and taxation was £118.3 million (H1 2024: £136.9 million).

The cash outflow on the dividend payment was £51.8 million (H1 2024: £52.2 million) and £28.7 million (H1 2024: £52.6 million) was spent on the buyback of shares.

Capital Expenditure and Investment in Intangible Assets

The Group continued to maintain appropriate control over capital expenditure which amounted to £16.8 million (H1 2024: £23.3 million). There was also expenditure of £4.4 million (H1 2024: £2.8 million) on software that is classified as intangible assets.

Asset replacement capital expenditure of £11.1 million (H1 2024: £14.6 million) compares to the depreciation charge (before IFRS 16) on property, plant and equipment ("PPE") of £22.9 million (H1 2024: £20.9 million) and related principally to the replacement of distribution vehicles, plant and tools for hire by customers, forklifts, fixtures and office equipment and other assets required to operate the Group's branch network.

The Group incurred development capital expenditure of £5.7 million (H1 2024: £8.7 million) on a range of organic development initiatives including new branches and branch upgrades and extensions in Woodie's, Chadwicks and also in the Netherlands. The proceeds received from the disposal of PPE was £0.7 million (H1 2024: £0.7 million). The amount spent on capital expenditure and software development, net of the proceeds received on asset disposals, was £20.4 million (H1 2024: £25.3 million).

Pensions

The Group operates four legacy defined benefit schemes (one in the UK and three in Ireland), all of which are now closed to future accrual. The defined benefit pension schemes had an accounting surplus of £1.8 million at the period end, an improvement of £0.5 million from a surplus of £1.3 million at 31 December 2024.

The deficit on the UK scheme reduced by £1.3 million to £7.5 million and the surplus on the schemes in Ireland reduced by £0.8 million to £10.1 million.

There was a scheme deficit of £0.8 million (31 December 2024: £0.8 million) related to the Netherlands business.

Net Debt/Cash

Net debt (including lease obligations) at 30 June 2025 was £147.3 million (31 Dec 2024: £131.7 million and 30 June 2024: £46.8 million).

Our net cash position, before recognising lease liabilities, was £245.8 million (31 Dec 2024: £272.1 million and 30 June 2024: £361.1 million).

The Group's policy is to maintain its investment grade credit rating while investing in organic developments and acquisition opportunities. The Group has a progressive dividend policy with a long-term objective of maintaining dividend cover at between two and three-times earnings although it is anticipated that dividend cover for the current year will drop modestly beneath this.

Liquidity

Grafton was in a very strong financial position at the end of the period with excellent liquidity, net cash before IFRS 16 lease liabilities and a robust balance sheet.

The Group had liquidity of £765.2 million at 30 June 2025 (31 December 2024: £776.2 million). As shown in the analysis of liquidity on page 44, accessible cash and deposits amounted to £490.5 million (31 December 2024: £505.4 million) and there were undrawn revolving bank facilities of £274.7 million (31 December 2024: £270.8 million).

At 30 June 2025, the Group had bilateral loan facilities of £333.9 million (31 December 2024: £328.3 million) with four relationship banks, which all mature in August 2029 and debt obligations of £136.9 million (31 December 2024: £132.7 million) from the issue of unsecured senior notes in the US Private Placement market.

The revolving loan facilities of £333.9 million were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The average maturity of the committed bank facilities and unsecured senior notes was 4.1 years at 30 June 2025 (31 December 2024: 4.6 years).

The Group's key financing objective continues to be to ensure that it has the necessary liquidity and resources to support the short, medium and long-term funding requirements of the business. These resources, together with

strong cash flow from operations, provide good liquidity and the capacity to fund investment in working capital, routine capital expenditure and development activity including acquisitions.

The Group's gross debt is drawn in euro and provides a hedge against exchange rate risk on euro assets in the businesses in Ireland, the Netherlands, Finland and Spain.

Shareholders' Equity

Shareholders' equity increased by £13.5 million to £1.61 billion at 30 June 2025 from £1.60 billion at 31 December 2024. Profit after tax increased shareholders' equity by £68.7 million. There was a gain of £23.8 million on retranslation of euro denominated net assets to sterling at the period-end rate of exchange. Shareholders' equity was decreased for a remeasurement loss (net of tax) of £0.9 million on the pension schemes and was reduced for dividends paid of £51.8 million and by £28.7 million for the buyback of shares. Other changes increased equity by £2.4 million.

Return on Capital Employed

Adjusted Return on Capital Employed declined by 20 basis points to 10.9 per cent (H1 2024: 11.1 per cent).

Principal Risks and Uncertainties

The principal risks affecting the Group are set out on pages 47 to 51 of the 2024 Annual Report and Accounts.

Period End Financial Information

The consolidated period-end financial statements presented on pages 16 to 38 comprise:

- The Group condensed income statement and Group condensed statement of comprehensive income for the six months ended 30 June 2025.
- The Group condensed balance sheet as at 30 June 2025.
- The Group condensed cash flow statement for the six months ended 30 June 2025.
- The Group condensed statement of changes in equity for the six months ended 30 June 2025.
- The explanatory notes to the condensed consolidated half year financial statements on pages 22 to 38.

Grafton Group plc
Group Condensed Income Statement
For the six months ended 30 June 2025

	Notes	Six months to 30 June 2025 (Unaudited) £'000	Six months to 30 June 2024 (Unaudited) £'000
Revenue	2	1,252,405	1,137,156
Operating costs		(1,172,576)	(1,065,831)
Property profit	3	-	-
Operating profit before exceptional items		79,829	71,325
Exceptional items	3	7,841	-
Operating profit		87,670	71,325
Finance expense	4	(13,415)	(12,496)
Finance income	4	9,206	12,835
Profit before tax		83,461	71,664
Income tax expense	17	(14,733)	(14,327)
Profit after tax for the financial period		68,728	57,337
<i>Profit attributable to:</i>			
Owners of the Company		68,728	57,337
Earnings per ordinary share – basic	6	35.05p	28.43p
Earnings per ordinary share – diluted	6	35.04p	28.41p

Grafton Group plc

Group Condensed Statement of Comprehensive Income

For the six months ended 30 June 2025

	Notes	Six months to 30 June 2025 (Unaudited) £'000	Six months to 30 June 2024 (Unaudited) £'000
Profit after tax for the financial period		68,728	57,337
Other comprehensive income			
Items that are or may be reclassified subsequently to the income statement			
Currency translation effects:			
- on foreign currency net investments		23,812	(18,682)
Fair value movement on cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		(299)	23
		23,513	(18,659)
Items that will not be reclassified to the income statement			
Remeasurement (loss)/gain on Group defined benefit pension schemes	15	(929)	1,639
Deferred tax on Group defined benefit pension schemes		4	(148)
		(925)	1,491
Total other comprehensive income/(expense)		22,588	(17,168)
Total comprehensive income for the financial period		91,316	40,169
Total comprehensive income attributable to:			
Owners of the Company		91,316	40,169
Total comprehensive income for the financial period		91,316	40,169

Grafton Group plc - Group Condensed Balance Sheet as at 30 June 2025

	Notes	30 June 2025 (Unaudited) £'000	30 June 2024 (Unaudited) £'000	31 Dec 2024 (Audited) £'000
ASSETS				
Non-current assets				
Goodwill	8	649,822	636,759	634,301
Intangible assets	9	137,157	128,123	134,911
Property, plant and equipment	10	374,524	364,026	367,354
Right-of-use asset	11	366,192	381,254	377,726
Investment properties	10	27,481	24,482	27,325
Deferred tax assets	17	7,690	6,336	7,453
Lease receivable		-	49	-
Other receivables	12,16	9,586	-	-
Retirement benefit assets	15	10,128	11,056	10,932
Other financial assets		128	125	125
Total non-current assets		1,582,708	1,552,210	1,560,127
Current assets				
Properties held for sale	10	763	4,199	763
Inventories	12	412,842	357,129	381,803
Trade and other receivables	12	376,476	290,540	300,020
Lease receivable		-	103	98
Derivative financial instruments	13	-	17	-
Fixed term cash deposits	13	150,000	150,000	150,000
Cash and cash equivalents (excluding bank overdrafts)	13	344,495	403,398	359,430
Total current assets		1,284,576	1,205,386	1,192,114
Total assets		2,867,284	2,757,596	2,752,241
EQUITY				
Equity share capital		6,626	6,860	6,744
Share premium account		225,576	224,131	224,141
Capital redemption reserve		2,683	2,431	2,548
Revaluation reserve		11,939	12,098	12,037
Shares to be issued reserve		7,505	7,998	6,802
Cash flow hedge reserve		(305)	17	(6)
Foreign currency translation reserve		65,995	56,600	42,183
Retained earnings		1,295,372	1,287,473	1,305,649
Treasury shares held		(5,710)	(3,897)	(3,897)
Equity attributable to owners of the Parent		1,609,681	1,593,711	1,596,201
LIABILITIES				
Non-current liabilities				
Interest-bearing loans and borrowings	13	194,559	192,323	188,372
Lease liabilities	13	318,629	341,283	331,572
Provisions		13,151	12,879	13,042
Retirement benefit obligations	15	8,308	14,893	9,591
Deferred tax liabilities	17	61,924	58,085	62,040
Deferred consideration	16	-	511	599
Total non-current liabilities		596,571	619,974	605,216
Current liabilities				
Interest-bearing loans and borrowings	13	53,844	-	49,000
Lease liabilities	13	74,483	66,593	72,156
Derivative financial instruments	13	307	-	5
Trade and other payables	12	506,121	448,532	401,142
Current income tax liabilities		21,224	20,060	20,138
Deferred consideration	16	1,398	3,470	3,537
Provisions		3,655	5,256	4,846
Total current liabilities		661,032	543,911	550,824
Total liabilities		1,257,603	1,163,885	1,156,040
Total equity and liabilities		2,867,284	2,757,596	2,752,241

Grafton Group plc – Group Condensed Cash Flow Statement

For the six months ended 30 June 2025

	Notes	Six months to 30 June 2025 (Unaudited) £'000	Six months to 30 June 2024 (Unaudited) £'000
Profit before taxation		83,461	71,664
Finance income	4	(9,206)	(12,835)
Finance expense	4	13,415	12,496
Operating profit		87,670	71,325
Depreciation	10,11	61,128	55,299
Amortisation of intangible assets	9	12,018	10,900
Share-based payments charge		1,227	2,325
Movement in provisions		(2,257)	(713)
Loss/(profit) on sale of property, plant and equipment		248	(279)
Profit on disposal of Group businesses	16	(15,142)	-
Loss on derecognition of leases		95	55
Other non-cash items		(1,118)	707
Contributions to pension schemes in excess of IAS 19 charge		(1,137)	(763)
Decrease in working capital	12	4,875	22,221
Cash generated from operations		147,607	161,077
Interest paid		(12,334)	(11,722)
Income taxes paid		(16,948)	(12,445)
Cash flows from operating activities		118,325	136,910
Investing activities			
<i>Inflows</i>			
Proceeds from sale of property, plant and equipment		728	745
Proceeds from sale of Group businesses (net of cash disposed)	16	6,484	-
Maturity of fixed term cash deposits	13	200,000	200,000
Interest received		10,461	11,443
		217,673	212,188
<i>Outflows</i>			
Acquisition of subsidiary undertakings (net of cash acquired)	16	(20,454)	-
Investment in fixed term cash deposits	13	(200,000)	(150,000)
Deferred acquisition consideration paid	16	(2,945)	(1,532)
Investment in intangible assets – computer software	9	(4,361)	(2,777)
Purchase of property, plant and equipment	10	(16,791)	(23,261)
		(244,551)	(177,570)
Cash flows from investing activities		(26,878)	34,618
Financing activities			
<i>Inflows</i>			
Proceeds from the issue of share capital		1,452	272
Proceeds from borrowings		11,958	-
		13,410	272
<i>Outflows</i>			
Repayment of borrowings		-	(6,658)
Dividends paid	5	(51,769)	(52,216)
Treasury shares purchased (share buyback)	20	(28,746)	(52,640)
Payment on lease liabilities		(37,457)	(34,888)
		(117,972)	(146,402)
Cash flows from financing activities		(104,562)	(146,130)
Net (decrease)/increase in cash and cash equivalents		(13,115)	25,398
Cash and cash equivalents at 1 January		351,055	383,939
Effect of exchange rate fluctuations on cash held		6,555	(5,939)
Cash and cash equivalents at the end of the year		344,495	403,398
Cash and cash equivalents are broken down as follows:			
Cash at bank and short-term deposits	13	344,495	403,398
Bank overdrafts	13	-	-
Cash and cash equivalents at the end of the year		344,495	403,398

Grafton Group plc

Group Condensed Statement of Changes in Equity

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Six months to 30 June 2025										
(Unaudited)										
At 1 January 2025	6,744	224,141	2,548	12,037	6,802	(6)	42,183	1,305,649	(3,897)	1,596,201
Profit after tax for the financial period	-	-	-	-	-	-	-	68,728	-	68,728
Total other comprehensive income										
Remeasurement loss on pensions (net of tax)	-	-	-	-	-	-	-	(925)	-	(925)
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	(299)	-	-	-	(299)
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	23,812	-	-	23,812
Total other comprehensive income	-	-	-	-	-	(299)	23,812	(925)	-	22,588
Total comprehensive income	-	-	-	-	-	(299)	23,812	67,803	-	91,316
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(51,769)	-	(51,769)
Issue of Grafton Units	17	1,435	-	-	-	-	-	-	-	1,452
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(28,746)	(28,746)
Cancellation of treasury shares (Note 20)	(135)	-	135	-	-	-	-	(26,930)	26,930	-
Transfer from treasury shares (Note 20)	-	-	-	-	-	-	-	(3)	3	-
Share based payments charge	-	-	-	-	1,227	-	-	-	-	1,227
Transfer from shares to be issued reserve	-	-	-	-	(524)	-	-	524	-	-
Transfer from revaluation reserve	-	-	-	(98)	-	-	-	98	-	-
	(118)	1,435	135	(98)	703	-	-	(78,080)	(1,813)	(77,836)
At 30 June 2025	6,626	225,576	2,683	11,939	7,505	(305)	65,995	1,295,372	(5,710)	1,609,681

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Six months to 30 June 2024										
(Unaudited)										
At 1 January 2024	7,094	223,861	2,195	12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801
Profit after tax for the financial period	-	-	-	-	-	-	-	57,337	-	57,337
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	-	-	-	-	-	-	-	1,491	-	1,491
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	23	-	-	-	23
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	(18,682)	-	-	(18,682)
Total other comprehensive expense	-	-	-	-	-	23	(18,682)	1,491	-	(17,168)
Total comprehensive income	-	-	-	-	-	23	(18,682)	58,828	-	40,169
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(52,216)	-	(52,216)
Issue of Grafton Units	2	270	-	-	-	-	-	-	-	272
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(52,640)	(52,640)
Cancellation of treasury shares (Note 20)	(236)	-	236	-	-	-	-	(53,003)	53,003	-
Transfer from treasury shares (Note 20)	-	-	-	-	-	-	-	(105)	105	-
Share-based payments charge	-	-	-	-	2,325	-	-	-	-	2,325
Transfer from shares to be issued reserve	-	-	-	-	(889)	-	-	889	-	-
Transfer from revaluation reserve	-	-	-	(88)	-	-	-	88	-	-
	(234)	270	236	(88)	1,436	-	-	(104,347)	468	(102,259)
At 30 June 2024	6,860	224,131	2,431	12,098	7,998	17	56,600	1,287,473	(3,897)	1,593,711

Grafton Group plc

Group Condensed Statement of Changes in Equity (continued)

	Equity share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Shares to be issued reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Treasury shares £'000	Total equity £'000
Year to 31 December 2024 (Audited)										
At 1 January 2024	7,094	223,861	2,195	12,186	6,562	(6)	75,282	1,332,992	(4,365)	1,655,801
Profit after tax for the financial year	-	-	-	-	-	-	-	122,013	-	122,013
Total other comprehensive income										
Remeasurement gain on pensions (net of tax)	-	-	-	-	-	-	-	4,358	-	4,358
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	-	-	-	-	-
Currency translation effect on foreign currency net investments	-	-	-	-	-	-	(33,099)	-	-	(33,099)
Total other comprehensive expense	-	-	-	-	-	-	(33,099)	4,358	-	(28,741)
Total comprehensive income	-	-	-	-	-	-	(33,099)	126,371	-	93,272
Transactions with owners of the Company recognised directly in equity										
Dividends paid	-	-	-	-	-	-	-	(73,190)	-	(73,190)
Issue of Grafton Units	3	280	-	-	-	-	-	-	-	283
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(81,085)	(81,085)
Cancellation of treasury shares (Note 20)	(353)	-	353	-	-	-	-	(81,391)	81,391	-
Transfer from treasury shares (Note 20)	-	-	-	-	-	-	-	(162)	162	-
Share based payments charge	-	-	-	-	1,162	-	-	-	-	1,162
Tax on share-based payments	-	-	-	-	(42)	-	-	-	-	(42)
Transfer from shares to be issued reserve	-	-	-	-	(880)	-	-	880	-	-
Transfer from revaluation reserve	-	-	-	(149)	-	-	-	149	-	-
	(350)	280	353	(149)	240	-	-	(153,714)	468	(152,872)
At 31 December 2024	6,744	224,141	2,548	12,037	6,802	(6)	42,183	1,305,649	(3,897)	1,596,201

Grafton Group plc

Notes to Condensed Consolidated Half Year Financial Statements for the six months ended 30 June 2025

1. General Information

Grafton Group plc ("Grafton" or "the Group") is an international business operating in the distribution, manufacturing and DIY retail sectors of the building materials industry.

The Group operates leading distribution formats for building materials and construction related products in Ireland, the UK, the Netherlands, Spain and Finland. The Group also operate the largest consumer focused DIY retailer in Ireland which is complementary to our Irish distribution business and we manufacture and distribute mortar and timber windows and staircases in the UK.

The Group's origins are in Ireland where it is headquartered, managed and controlled. It has been a publicly quoted company since 1965 and its Units (shares) are quoted on the London Stock Exchange where it is a constituent of the FTSE 250 Index and the FTSE All-Share Index.

Basis of Preparation, Accounting Policies and Estimates

(a) Basis of Preparation and Accounting Policies

The condensed consolidated half year financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority ('FCA') and International Accounting Standard ("IAS") 34 Interim Financial Reporting" as adopted by the European Union ('EU'). These condensed consolidated half year financial statements do not include all the information and disclosures required in the Group Annual Report and Accounts and should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2024 that are available on the Company's website www.graftonplc.com.

The condensed consolidated half year financial statements for the six months ended 30 June 2025 are unaudited but have been reviewed by the auditor whose report is set out on pages 46 and 47.

The condensed consolidated half year financial statements presented do not constitute financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the EU. The financial information included in this report in relation to the year ended 31 December 2024 does not comprise statutory annual financial statements within the meaning of section 295 of the Companies Act 2014. The Annual Report and Accounts for the year ended 31 December 2024 have been filed with the Registrar of Companies and the audit report thereon was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

The accounting policies and methods of computation and presentation adopted in the preparation of the condensed consolidated half year financial statements are consistent with those applied in the Annual Report and Accounts for the year ended 31 December 2024. The financial information includes all adjustments that management considers necessary for a fair presentation of such financial information. All such adjustments are of a normal recurring nature. Certain tables in the financial information may not add precisely because of our consistent convention of rounding to one decimal place.

The financial reporting framework that has been applied in the preparation of the Group Annual Report and Accounts for the year ended 31 December 2024 is applicable law and IFRS, as adopted by the EU

Going Concern

The Group's net cash position, before recognising lease liabilities, was £245.8 million at 30 June 2025 (31 December 2024: £272.1 million). Net debt including lease obligations was £147.3 million at 30 June 2025 (31 December 2024: £131.7 million). The Group had liquidity of £765.2 million at 30 June 2025 (31 December 2024: £776.2 million) of which £490.5 million (31 December 2024: £505.4 million) was held in accessible cash and deposits and £274.7 million (31 December 2024: £270.8 million) in undrawn revolving bank facilities.

No refinancing of debt is due until September 2028, the Group does not have a leverage (net debt/EBITDA) covenant in its financing arrangements and its assets (other than right-of-use assets) are unsecured.

1. General Information (continued)

Basis of Preparation, Accounting Policies and Estimates (continued)

Going Concern (continued)

Having made appropriate enquiries, the Directors have a reasonable expectation that Grafton Group plc, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Having reassessed the principal risks, as set out on pages 43 to 51 of the 2024 Annual Report and Accounts, and based on expected cash flows and the strong liquidity position of the Group, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial information.

The consolidated financial information is presented in sterling. Items included in the financial information of each of the Group's entities are measured using its functional currency, being the currency of the primary economic environment in which the entity operates, which is primarily euro and sterling.

Climate Change

In preparing the financial information, the Directors have considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates in the current period. The Group's analysis of the impact of climate change continues to evolve with Grafton committed to delivering net zero carbon emissions no later than the end of 2050.

(b) Critical accounting estimate and judgements

The preparation of the half-yearly financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised. In particular, information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the respective notes to these consolidated financial statements.

In preparing these half-yearly financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's Annual Report and Accounts for the year ended 31 December 2024.

In addition, further judgements were made by management in relation to the variable earn-out component following the disposal of the Group's MFP piping business on 31 May 2025. This resulted in the recognition of deferred consideration receivable, which is contingent upon future purchases by the Group, over a period of 6 years. The fair value of deferred consideration receivable is calculated based on historical trading volumes, and the magnitude of the expected receivable is discounted to present value using market derived discount rates.

Revised Standards and Interpretations

Certain new and revised accounting standards and interpretations have been issued. The Group intends to adopt the relevant new and revised standards when they become effective and the Group's assessment of the impact of these standards and interpretations is set out below:

The following Standards and Interpretations were effective for the Group for periods beginning on or after 1 January 2025 but did not have a material effect on the results or financial position of the Group:

- *IAS21 (Amendments)* *The Effects of Changes in Foreign Exchange Rates (Effective 1 January 2025)*

2. Segmental Analysis

The amount of revenue and operating profit under the Group's reportable segments of Distribution, Retailing and Manufacturing is shown below. Segment profit measure is operating profit before exceptional items, amortisation of intangible assets arising on acquisitions and acquisition related items.

	Six months to 30 June 2025 (Unaudited) £'000	Six months to 30 June 2024 (Unaudited) £'000
Revenue		
UK distribution	394,363	394,384
Ireland distribution	323,824	317,154
Netherlands distribution	175,198	175,206
Spain distribution	104,170	-
Finland distribution	60,436	65,075
Total distribution	1,057,991	951,819
Retailing	138,068	130,692
Manufacturing	62,752	62,040
Less: inter-segment revenue - manufacturing	(6,406)	(7,395)
Total revenue	1,252,405	1,137,156
Segmental operating profit before intangible amortisation arising on acquisitions and acquisition related items		
UK distribution	13,911	12,608
Ireland distribution	31,456	29,664
Netherlands distribution	13,947	15,157
Spain distribution	6,533	-
Finland distribution	1,812	4,740
Total distribution	67,659	62,169
Retailing	19,155	17,218
Manufacturing	12,184	10,986
	98,998	90,373
Central activities	(8,026)	(7,269)
	90,972	83,104
Property profit	-	-
Operating profit before exceptional items, intangible amortisation arising on acquisitions and acquisition related items	90,972	83,104
Exceptional items	7,841	-
Operating profit before intangible amortisation arising on acquisitions and acquisition related items	98,813	83,104
Acquisition related items*	(383)	(1,737)
Amortisation of intangible assets arising on acquisitions	(10,760)	(10,042)
Operating profit	87,670	71,325
Finance expense	(13,415)	(12,496)
Finance income	9,206	12,835
Profit before tax	83,461	71,664
Income tax expense	(14,733)	(14,327)
Profit after tax for the financial period	68,728	57,337

* Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs and customer relationships asset impairment charges.

2. Segmental Analysis (continued)

The amount of revenue by geographic area is as follows:

	Six months to 30 June 2025 (Unaudited) £'000	Six months to 30 June 2024 (Unaudited) £'000
Revenue*		
United Kingdom	447,930	445,451
Ireland	464,671	451,424
Netherlands	175,198	175,206
Spain	104,170	-
Finland	60,436	65,075
Total revenue	<u>1,252,405</u>	<u>1,137,156</u>

*Service revenue, which relates to plant and equipment hire and is recognised over time, amounted to £8.7 million for the period (H1 2024: £6.1 million).

	30 June 2025 (Unaudited) £'000	30 June 2024 (Unaudited) £'000
Segment assets		
Distribution	2,080,111	1,900,035
Retailing	157,723	162,873
Manufacturing	117,009	123,756
	<u>2,354,843</u>	<u>2,186,664</u>

Unallocated assets		
Deferred tax assets	7,690	6,336
Retirement benefit assets	10,128	11,056
Other financial assets	128	125
Derivative financial instruments (current)	-	17
Fixed term cash deposits	150,000	150,000
Cash and cash equivalents	344,495	403,398
Total assets	<u>2,867,284</u>	<u>2,757,596</u>

	30 June 2025 (Unaudited) £'000	30 June 2024 (Unaudited) £'000
Segment liabilities		
Distribution	723,884	672,930
Retailing	162,313	172,595
Manufacturing	31,240	32,999
	<u>917,437</u>	<u>878,524</u>

Unallocated liabilities		
Interest bearing loans and borrowings (current and non-current)	248,403	192,323
Retirement benefit obligations	8,308	14,893
Deferred tax liabilities	61,924	58,085
Current income tax liabilities	21,224	20,060
Derivative financial instruments (current)	307	-
Total liabilities	<u>1,257,603</u>	<u>1,163,885</u>

3. Property Profit & Exceptional Items

Property Profit

There were no property disposals in the first half of 2025 or 2024.

Exceptional Items

On 13 February 2025, the Group entered into an agreement, which was subject to approval from the Competition and Consumer Protection Commission (CCPC), for the sale of the MFP business to a subsidiary of Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited in Ireland. This transaction completed on 31 May 2025. The net profit on the disposal of the MFP business was £7.8m with further details outlined in Note 16.

4. Finance Expense and Finance Income

	Six months to 30 June 2025 (Unaudited) £'000		Six months to 30 June 2024 (Unaudited) £'000
Finance expense			
Interest on bank loans, US senior notes and overdrafts**	4,649 *		4,059 *
Interest on lease liabilities	7,483 *		7,582 *
Net finance cost on pension scheme obligations	34		167
Unwinding of discount applicable to deferred consideration (Note 16)	165		688
Foreign exchange loss	1,084		-
	13,415		12,496
Finance income			
Interest income on bank deposits	(9,126) *		(11,961) *
Unwinding of discount applicable to deferred receivables (Note 16)	(80)		-
Foreign exchange gain	-		(874)
	(9,206)		(12,835)
 Net finance expense/(income)	 4,209		 (339)

* Net bank and US senior note interest income of £4.5 million (H1 2024: £7.9 million interest income). Including interest on lease liabilities, net interest expense was £3.0 million (H1 2024: £0.3 million net interest income).

**Where overdrafts exist and there is a master netting agreement in place that grants the Group the legal right to set-off and management has intention to settle on a net basis with each bank, bank overdrafts are off-set against cash and cash equivalents.

5. Dividends

The payment in 2025 of a final dividend for 2024 of 26.50 pence amounted to £51.8 million (2024: final dividend for 2023 of 26.00 pence amounted to £52.2 million).

An interim dividend for 2025 of 10.75 pence per share will be paid on 10 October 2025 by Grafton Group plc to shareholders on the Register of Members at the close of business on 12 September 2025 (the 'Record Date'). The ex-dividend date is 11 September 2025.

A liability in respect of the interim dividend has not been recognised in the balance sheet at 30 June 2025, as there was no present obligation to pay the dividend at the half-year.

6. Earnings per Share

The computation of basic, diluted and underlying earnings per share is set out below:

	Half Year 30 June 2025 (Unaudited) £'000	Half Year 30 June 2024 (Unaudited) £'000
Numerator for basic, adjusted and diluted earnings per share:		
Profit after tax for the financial period	68,728	57,337
Numerator for basic and diluted earnings per share	68,728	57,337
Profit after tax for the financial period	68,728	57,337
Exceptional items	(7,841)	-
Amortisation of intangible assets arising on acquisitions	10,760	10,042
Tax relating to amortisation of intangible assets arising on acquisitions	(2,444)	(2,261)
Acquisition related items	383	1,737
Tax on acquisition related items	-	(148)
Unwinding of discount applicable to deferred consideration	165	688
Unwinding of discount applicable to deferred receivable	(80)	-
Tax on unwinding of discount	-	(101)
Numerator for adjusted earnings per share	69,671	67,294
	Number of Grafton Units	Number of Grafton Units
Denominator for basic and adjusted earnings per share:		
Weighted average number of Grafton Units in issue	196,100,791	201,695,630
Dilutive effect of options and awards	62,563	94,654
Denominator for diluted earnings per share	196,163,354	201,790,284
Earnings per share (pence)		
- Basic	35.05	28.43
- Diluted	35.04	28.41
Adjusted earnings per share (pence)*		
- Basic	35.53	33.36
- Diluted	35.52	33.35

* The term "Adjusted" means before exceptional items, amortisation of intangible assets arising on acquisitions, the impact of unwinding acquisition and disposal related deferred consideration to present value and acquisition related items.

7. Exchange Rates

The results and cash flows of subsidiaries with euro functional currencies have been translated into sterling using the average exchange rate for the half-year. The balance sheets of subsidiaries with euro functional currencies have been translated into sterling at the rate of exchange ruling at the balance sheet date.

The average sterling/euro rate of exchange for the six months ended 30 June 2025 was Stg84.23p (six months ended 30 June 2024: Stg85.47p). The sterling/euro exchange rate at 30 June 2025 was Stg85.55p (30 June 2024: Stg84.64p and 31 December 2024: Stg82.92p).

8. Goodwill

Goodwill is subject to impairment testing on an annual basis at 31 December and additionally during the year if an indicator of impairment is considered to exist. Impairment indicators in two of our markets prompted an impairment test to be carried out on the UK Distribution and Finland Distribution CGUs. The recoverable amount of each cash generating unit is determined based on value-in-use calculations. The carrying value of each cash generating unit was compared to its estimated value-in-use. There were no impairments during the period (H1 2024: £Nil).

	Goodwill £'000
Net Book Value	
As at 1 January 2025	634,301
Arising on acquisition (Note 16)	5,681
Currency translation adjustment	9,840
As at 30 June 2025	649,822

9. Intangible Assets

	Computer Software £'000	Trade Names £'000	Customer Relationships & Technology £'000	Total £'000
Net Book Value				
As at 1 January 2025	13,080	30,747	91,084	134,911
Additions	4,361	-	-	4,361
Reclassification from property, plant and equipment (Note 10)	1,464	-	-	1,464
Arising on acquisition (Note 16)	16	1,514	3,616	5,146
Amortisation	(1,258)	(2,320)	(8,440)	(12,018)
Currency translation adjustment	290	778	2,225	3,293
As at 30 June 2025	17,953	30,719	88,485	137,157

The amortisation expense of £12.0 million (H1 2024: £10.9 million) has been charged in 'operating costs' in the income statement. Amortisation of intangible assets arising on acquisitions in prior periods amounted to £10.8 million (H1 2024: £10.0 million).

10. Property, Plant and Equipment, Properties Held for Sale and Investment Properties

	Property, plant and equipment £'000	Properties held for sale £'000	Investment properties £'000
Net Book Value			
As at 1 January 2025	367,354	763	27,325
Additions	16,791	-	-
Depreciation	(22,915)	-	-
Disposals	(976)	-	-
Disposal of Group businesses (Note 16)	(1,400)	-	-
Reclassification to intangible assets* (Note 9)	(1,464)	-	-
Arising on acquisition (Note 16)	10,636	-	-
Currency translation adjustment	6,498	-	156
As at 30 June 2025	374,524	763	27,481

* Computer software amounting to £1.5m have been transferred from Property, Plant and Equipment to Intangible Assets to reflect the most appropriate asset class for these assets.

11. Right-Of-Use Asset

	Right-of-use asset £'000
As at 1 January 2025	377,726
Additions*	7,002
Arising on acquisition (Note 16)	4,045
Disposals	(163)
Depreciation	(38,213)
Remeasurements*	9,972
Currency translation adjustment	5,823
As at 30 June 2025	366,192

* Right-of-use asset additions relate to new lease contracts entered into during the period and mainly arise due to leases entered into for new store locations, new lease contracts agreed for existing stores and replacement vehicle leases. Right-of-use asset remeasurements have mainly arisen due to the finalisation of rent reviews and the reassessment of extension options available to the Group on a number of property leases that will now be exercised.

12. Movement in Working Capital

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Current				
As at 1 January 2025	381,803	300,020	(401,142)	280,681
Currency translation adjustment	8,664	6,335	(8,513)	6,486
Interest accruals*	-	(1,255)	202	(1,053)
Arising on acquisition (Note 16)	162	6,777	(5,614)	1,325
Disposal of Group businesses (Note 16)	(1,313)	(3,593)	3,605	(1,301)
Deferred consideration receivable (Note 16) – current	-	1,934	-	1,934
Working capital movement in 2025	23,526	66,258	(94,659)	(4,875)
As at 30 June 2025 (current)	412,842	376,476	(506,121)	283,197
Deferred consideration receivable (Note 16) – non-current	-	9,586	-	9,586
As at 30 June 2025 (current and non-current)	412,842	386,062	(506,121)	292,783

* Interest accruals on long term borrowings are included separately in other payables as accrued interest is paid within 12 months.

The working capital movement for the period ended 30 June 2024 is shown below:

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Working capital movement in H1 2024	1,828	31,774	(55,823)	(22,221)

13. Interest-Bearing Loans, Borrowings and Net Debt

	30 June 2025 £'000	31 Dec 2024 £'000
Interest-bearing loans and borrowings		
Bank overdrafts*	-	8,375
Bank credit facilities (current)*	53,844	40,625
Bank loans (non-current)	58,011	56,053
US senior notes (non-current)	136,548	132,319
Total interest-bearing loans and borrowings	248,403	237,372
Leases		
Included in non-current liabilities	318,629	331,572
Included in current liabilities	74,483	72,156
Total leases	393,112	403,728
Derivatives		
Included in current liabilities	307	5
Total derivatives	307	5
Fixed term cash deposits**		
Included in current assets	(150,000)	(150,000)
Total fixed term cash deposits	(150,000)	(150,000)
Cash at bank and short-term deposits***	(344,495)	(359,430)
Net debt	147,327	131,675
Net (cash) before leases	(245,785)	(272,053)

*The bank overdrafts of £Nil (31 December 2024: £8.4 million) and euro bank credit facilities of £53.8 million at 30 June 2025 (31 December 2024: £40.6 million) relate to short-term debt in Salvador Escoda in Spain which the Group acquired on 30 October 2024. The Salvador Escoda bank credit facilities of £53.8 million include debt related to discounting effects on debtors and credit facilities covering import lines of credit with five Spanish banking partners. The bank overdraft was cleared in the period to 30 June 2025.

** Fixed term cash deposits have a maturity date greater than three months at inception but less than three months at the balance sheet date.

*** At 31 December 2024, cash and cash equivalents in the cash flow statement of £351.1 million consisted of cash at bank and short-term deposits of £359.4 million, net of bank overdrafts of £8.4 million.

At 30 June 2025, the Group had bilateral loan facilities of £333.9 million (2024: £328.3 million) with four relationship banks, which all mature in August 2029.

The revolving loan facilities of £333.9 million were put in place in August 2022 for a term of five years to August 2027. The arrangements included two one-year extension options exercisable at the discretion of the Group and the four banks. The second one-year extension option was agreed in July 2024 and these facilities are now repayable in August 2029. This is sustainability linked debt funding and includes an incentive connected to the achievement of carbon emissions, workforce diversity and community support targets that are fully aligned to the Group's sustainability strategy.

The following table shows the fair value of financial assets and liabilities, all of which are within level 2 of the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

13. Interest-Bearing Loans, Borrowings and Net Debt (continued)

	30 June 2025 £'000	31 Dec 2024 £'000
Liabilities measured and recognised at fair value		
<i>Designated as hedging instruments</i>		
Other derivative instruments	<u>(307)</u>	<u>(5)</u>
Fair value measurement of liabilities carried at amortised cost		
US senior notes	<u>(130,970)</u>	<u>(125,397)</u>

The following table shows the fair value of financial assets and liabilities, all of which are within level 3 of the fair value hierarchy.

	30 June 2025 £'000	31 Dec 2024 £'000
Assets/(liabilities) measured and recognised at fair value		
Deferred consideration receivable on disposal of businesses (Note 16)	11,520	-
Deferred consideration payable on acquisition of businesses (Note 16)	<u>(1,398)</u>	<u>(4,136)</u>

The fair value of financial assets and liabilities recognised at amortised cost

It is considered that the carrying amounts of other financial assets and liabilities including trade payables (excluding deferred consideration), cash and cash equivalents, fixed term deposits, trade receivables and bank loans, which are recognised at amortised cost in the financial information approximate to fair value. The fixed rate US senior notes denominated in euro are disclosed above at fair value and reflect the differential between the fixed interest rates on these notes and market rates at 30 June 2025.

Financial assets and liabilities carried at fair value

The Group's financial assets and liabilities which are carried at fair value are classified as Level 2 in the fair value hierarchy and deferred consideration payable and receivable are classified as Level 3. There have been no transfers between levels in the current period. Fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

The fair values of other derivatives are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using forward currency rates and market interest rates as applicable for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

The fair value of deferred consideration payable is calculated assuming a probability of payout, which will be based on achievement of EBITA/EBITDA targets and discounted to present value using market derived discount rates. The fair value assumes achievement of targets but is sensitive to change in the assessed probability of achieving targets.

Deferred consideration receivable relates to a variable earn-out component following the disposal of a Group business and is based on future purchases by the Group. The fair value is calculated based on historical trading volumes and is discounted to present value using market derived discount rates. The fair value is sensitive to change in the future trading volumes with the former Group business. The derived discount rates and future trading volumes are significant unobservable inputs.

14. Reconciliation of Net Cash Flow to Movement in Net (Debt)

	30 June 2025 £'000	30 June 2024 £'000
Net (decrease)/increase in cash and cash equivalents	(13,115)	25,398
Net movement in fixed term cash deposits	-	(50,000)
Net movement in derivative financial instruments	(302)	22
Lease liabilities acquired (Note 16)	(4,045)	-
Movement in debt and lease financing	8,691	22,590
Change in net (debt) resulting from cash flows	(8,771)	(1,990)
Currency translation adjustment	(6,881)	4,469
Movement in net (debt) in the period	(15,652)	2,479
Net (debt) at 1 January	(131,675)	(49,263)
Net (debt) at end of the period	(147,327)	(46,784)

15. Retirement Benefits

The principal financial assumptions employed in the valuation of the Group's defined benefit scheme liabilities for the current period and prior year were as follows:

	Irish Schemes		UK Schemes	
	At 30 June 2025	At 31 Dec 2024	At 30 June 2025	At 31 Dec 2024
Rate of increase in salaries*	N/A	N/A	N/A	N/A
Rate of increase of pensions in payment	-	-	2.80%	3.00%
Discount rate	3.70%	3.45%	5.60%	5.50%
Inflation rate increase	1.85%	1.85%	2.40%/2.90% **	2.60%/3.10% **

* Following the closure to accrual of the Irish schemes and the UK scheme, benefits in those schemes are no longer linked to final salary. Instead, accrued benefits up to the date of closure revalue in line with inflation, subject to certain caps.

** The inflation assumption shown for the UK is based on both the Consumer Price Index (CPI) and the Retail Price Index (RPI)

15. Retirement Benefits (continued)

The following table provides a reconciliation of the scheme assets (at bid value) and the actuarial value of scheme liabilities:

	Assets		Liabilities		Net asset/(deficit)	
	Half Year to 30 June 2025	Year to 31 Dec 2024	Half Year to 30 June 2025	Year to 31 Dec 2024	Half Year to 30 June 2025	Year to 31 Dec 2024
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January	178,375	195,104	(177,034)	(200,931)	1,341	(5,827)
Interest income on plan assets	3,883	7,151	-	-	3,883	7,151
Contributions by employer	1,303	2,604	-	-	1,303	2,604
Contributions by members	-	-	-	-	-	-
Benefit payments	(6,695)	(11,976)	6,695	11,976	-	-
Administration costs	(103)	(37)	-	-	(103)	(37)
Other long-term benefit (expense)	-	-	(63)	(91)	(63)	(91)
Interest cost on scheme liabilities	-	-	(3,917)	(7,456)	(3,917)	(7,456)
Remeasurements						
Actuarial (loss)/gains from:						
-experience variations	-	-	(659)	1,369	(659)	1,369
-financial assumptions	-	-	5,453	14,637	5,453	14,637
-demographic assumptions	-	-	-	(814)	-	(814)
Return on plan assets excluding interest income	(5,723)	(9,753)	-	-	(5,723)	(9,753)
Translation adjustment	2,897	(4,718)	(2,592)	4,276	305	(442)
At 30 June / 31 December	173,937	178,375	(172,117)	(177,034)	1,820	1,341
Related deferred tax asset (net)					817	1,037
Net pension asset/(liability)					2,637	2,378

The net pension scheme asset before tax of £1.8 million (31 December 2024: £1.3 million) is shown in the Group balance sheet as (i) retirement benefit obligations (non-current liabilities) of £8.3 million (31 December 2024: £9.6 million) and (ii) retirement benefit assets (non-current assets) of £10.1 million (31 December 2024: £10.9 million).

At 30 June 2025, the retirement benefit asset of £10.1 million (Dec 2024: £10.9 million) relates to three schemes in Ireland. The surplus has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus assets if the schemes are run off until the last member has left the scheme. The retirement benefit obligation of £8.3 million (Dec 2024: £9.6 million) relates to one scheme in the UK (£7.5 million, Dec 2024: £8.8 million) and one scheme in the Netherlands (£0.8 million, Dec 2024: £0.8 million).

The loss on plan assets was £1.8 million (31 December 2024: loss on plan assets of £2.6 million).

16. Acquisitions, Acquisition Related Liabilities & Disposal of Group Businesses

Acquisitions

On 31 May 2025, the Group acquired 100% of the issued share capital of HSS Hire Ireland from HSS Hire Group. HSS Hire Ireland is a tool and equipment hire specialist operating from four branches and four customer distribution centres in the Republic of Ireland, offering an extensive range of conventional hire products as well as specialist equipment with a particular focus on powered access. Grafton plans to operate the HSS Hire Ireland business as part of Chadwicks, its market-leading distribution business in the Republic of Ireland. This transaction is in line with our strategy to strengthen our market positions in existing and adjacent markets and broaden the offering of our Chadwicks business. This acquisition is incorporated in the Irish Distribution segment.

The fair value of assets and liabilities acquired in 2025 are set out below:

	Total £'000
Property, plant and equipment	10,636
Right-of-use asset	4,045
Intangible assets – computer software	16
Intangible assets – trade names	1,514
Intangible assets – customer relationships	3,616
Inventories	162
Trade and other receivables	6,777
Trade and other payables	(5,614)
Provisions	(752)
Lease liability	(4,045)
Corporation tax liability	(941)
Deferred tax liability	(641)
Cash acquired	3,528
Net assets acquired	18,301
Goodwill	5,681
Consideration	23,982
<i>Satisfied by:</i>	
Cash paid	23,982
Net cash outflow – arising on acquisitions	
Cash consideration	23,982
Less: cash and cash equivalents acquired	(3,528)
	20,454

The fair value of the net assets acquired have been determined on a provisional basis. Goodwill on the acquisition reflects the anticipated purchasing and operational synergies to be realised as part of the enlarged Group. Goodwill is not deductible for tax purposes.

The gross contractual value of trade and other receivables as at the acquisition date amounted to £7.1 million. The fair value of these receivables is £6.8 million and is inclusive of a loss allowance of £0.3 million.

Any adjustments to provisional fair value of assets and liabilities including recognition of any newly identified assets and liabilities, will be made within 12 months of the acquisition date. There were no material adjustments made to provisional fair values in the period relating to any acquisitions completed in the prior year.

The acquisition contributed revenue of £2.2 million and operating profit of £0.1 million for the period from the date of acquisition to 30 June 2025. If this acquisition had occurred on 1 January 2025, it is estimated that it would have contributed revenue of £13.7 million and adjusted operating profit of £1.4 million in the period.

The Group incurred acquisition costs of £0.3 million in 2025 (H1 2024: £0.8 million), relating to actual and target acquisitions, which are included in operating costs in the Group Income Statement.

16. Acquisitions, Acquisition Related Liabilities & Disposal of Group Businesses (continued)

Acquisition Related Liabilities

The following table shows the analysis of deferred consideration payable on the acquisition of businesses:

	Deferred Consideration Payable £'000
As at 1 January 2025	(4,136)
Currency translation adjustment	(42)
Deferred acquisition consideration paid in the period	2,945
Unwinding of discount applicable to deferred consideration (Note 4)	(165)
As at 30 June 2025	(1,398)
Split of deferred consideration payable	£'000
Non-current	-
Current	(1,398)
	(1,398)

Disposal of Group Businesses

On 31 May 2025, the Group disposed of MFP Sales Limited, the Irish-based manufacturer of PVC drainage and roofline products, to Wienerberger AG which mainly operates through Pipelife Ireland Solutions Limited. As a result, the net assets of the Group increased by £7.6million representing an overall profit on disposal after costs of disposal. The profit on the disposal reflects the cash consideration received of £9.1 million and deferred cash receivable of £11.2 million offset by the net book value of the assets being disposed of £5.2 million.

Deferred consideration receivable relates to a variable earn-out component and is based on future purchases by the Group. The fair value is calculated based on historical trading volumes and is discounted to present value using market derived discount rates. The fair value is sensitive to change in the future trading volumes with the former Group business.

The disposal of the business does not meet the definition of a discontinued operation and therefore is not disclosed as such. The consolidated results for the first half of 2025 include five months of operating profit from the MFP business amounting to £1.0 million (Period to 30 June 2024: £1.5 million).

The carrying value of assets and liabilities disposed in 2025 are set out below:

	Total £'000
Property, plant and equipment	1,400
Inventories	1,313
Trade and other receivables	3,593
Trade and other payables	(3,605)
Corporation tax liability	(63)
Deferred tax liability	(47)
Cash disposed	2,588
Net assets disposed	5,179
Cash consideration received	(9,072)
Deferred consideration receivable	(11,249)
Net profit on disposal of Group businesses, before disposal costs	(15,142)
Amounts recognised in the period within Exceptional Items	
Gross profit on disposal of Group businesses	15,142
Disposal costs*	(7,301)
	7,841

* Disposal costs include redundancy and closure costs together with professional and legal fees related to the divestment of the business.

16. Acquisitions, Acquisition Related Liabilities & Disposal of Group Businesses (continued)

Net cash inflow – arising on disposal

Cash consideration received	9,072
Less: cash and cash equivalents disposed	(2,588)
	<u>6,484</u>

The following table shows the analysis of deferred consideration receivable on the disposal of businesses, which is disclosed in trade and other receivables:

	Deferred Consideration Receivable £'000
As at 1 January 2025	-
Deferred receivable recognised on disposal of Group businesses	11,249
Currency translation adjustment	191
Deferred consideration received in the period	-
Unwinding of discount applicable to deferred consideration (Note 4)	80
As at 30 June 2025	<u>11,520</u>
Split of deferred consideration receivable	£'000
Non-current	9,586
Current	1,934
	<u>11,520</u>

17. Taxation

The income tax expense of £14.7 million (2024: £14.3 million) is equivalent to an effective tax rate (before the exceptional profit on disposal) of 19.5 per cent of profit before tax (H1 2024: 20.0 per cent, Full Year 2024: 20.0 per cent). The rate for the six months ending 30 June 2025, after the exceptional profit on disposal is included, is lower at 17.7 per cent (2024: 20.0 per cent). The rate is lower than anticipated at the start of the financial year and reflects the blend of the Group's corporation tax on profits in the five main countries where the Group operates and is based on the current forecast rate for the full year.

Certain items of expenditure charged in arriving at profit before tax, including depreciation on buildings, are not eligible for a tax deduction. This factor increased the rate of tax payable on profits above the headline rates that apply in the UK, Ireland, the Netherlands, Finland and Spain.

The liability shown for current taxation includes a liability for tax uncertainties and is based on the Directors' estimate of (i) the most likely amount; or (ii) the expected value of the probable outflow of economic resources that will be required. As with all estimates, the actual outcome may be different to the current estimate.

Accounting estimates and judgements

Management is required to make judgements and estimates in relation to taxation provisions and exposures. In the ordinary course of business, the Group is party to transactions for which the ultimate tax determination may be uncertain. As the Group is subject to taxation in a number of jurisdictions, an open dialogue is maintained with Revenue Authorities with a view to the timely agreement of tax returns. The amounts provided/recognised for tax are based on management's estimate having taken appropriate professional advice.

If the final determination of these matters is different from the amounts that were initially recorded such differences could materially impact the income tax and deferred tax liabilities and assets in the period in which the determination was made.

17. Taxation (continued)

Pillar Two - Global Minimum Top-Up Tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. Pillar Two legislation has been enacted or substantively enacted in Ireland and several other jurisdictions in which the Group operates effective from 1 January 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Pillar Two effective tax rate per jurisdiction and the 15 per cent minimum rate. Specific adjustments envisaged in the Pillar Two legislation can give rise to different effective tax rates compared to those calculated for IFRS purposes. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it is incurred.

The Group expects to recognise an immaterial Pillar Two current tax expense of £0.9 million for 2025 (2024: £0.5 million) and expects to avail of transitional safe harbour reliefs in respect of a number of its jurisdictions for the financial year. The Group will continue to monitor changes in law and guidance as they apply to Grafton Group plc and its subsidiaries.

Deferred tax

At 30 June 2025, the deferred tax asset was £7.7 million (31 December 2024: £7.5 million) and the deferred tax liability was £61.9 million (31 December 2024: £62.0 million). At 30 June 2025, there were unrecognised deferred tax assets in relation to capital losses of £0.7 million (31 December 2024: £0.7 million), trading losses of £1.4 million (31 December 2024: £1.3 million) and deductible temporary differences of £5.7 million (31 December 2024: £5.2 million).

Deferred tax assets were not recognised in respect of certain capital losses as they can only be recovered against certain classes of taxable profits. The Directors believe that it is not probable that such profits will arise in the foreseeable future. The trading losses arose in entities that have incurred historic losses and the Directors believe that it is not probable there will be sufficient taxable profits in the particular entities against which they can be utilised. Separately, the Directors believe that it is not probable the deductible temporary differences will be utilised.

18. Related Party Transactions

There were no changes in related parties from those described in the Annual Report and Accounts for the year ended 31 December 2024 that materially affected the financial position or the performance of the Group during the period to 30 June 2025.

19. Grafton Group plc Long Term Incentive Plan (LTIP)

LTIP awards were made over 843,932 Grafton Units on 19 March 2025 (March 2024: 637,662). The fair value of the awards of £5.4 million (March 2024: £4.6 million), which are subject to vesting conditions, will be charged to the income statement over the vesting period of three years (March 2024: three years). The Annual Report and Accounts for the year ended 31 December 2024 discloses details of the LTIP scheme.

20. Share Buyback and Treasury Shares

	Purchase of Treasury Shares £'000	Transaction Costs £'000	Purchase of Treasury Shares * £'000	Cancellation of Treasury Shares £'000	Transfer from Treasury Shares ** £'000	Total Movement £'000
Share buybacks in 2022	142,609	372	142,981	(141,693)	-	1,288
Share buybacks in 2023	159,143	315	159,458	(159,591)	(687)	(820)
Share buybacks in 2024	80,923	162	81,085	(81,391)	(162)	(468)
Total at 31 December 2024	382,675	849	383,524	(382,675)	(849)	-
Buyback programme 5	1,612	3	1,615	(1,612)	(3)	-
Buyback programme 6	27,077	54	27,131	(25,318)	-	1,813
Period ended 30 June 2025	28,689	57	28,746	(26,930)	(3)	1,813
Total at 30 June 2025	411,364	906	412,270	(409,605)	(852)	1,813

* Including transaction costs.

** At 30 June 2025, the share buyback programmes 1, 2, 3, 4 and 5, and the LTIP purchase and cancellation, were fully completed and the related transactions costs have been transferred from treasury shares to retained earnings, totalling £0.9 million.

20. Share Buyback and Treasury Shares (continued)

Since the first buyback commenced on 9 May 2022 and up to 8 July 2025, when the sixth programme completed, the Group had purchased a total of 46.54 million ordinary shares which represents 19.4 per cent of the issued share capital on the date of commencement. It acquired them at an average price of £8.67 per share. Excluding shares re-purchased to offset the impact of LTIPS awards vesting in 2022 (£7.6 million) and 2023 (£3.4 million), cash of £403.3 million has been returned to shareholders through all completed share buybacks up to 8 July 2025.

Share buyback programme 5 (completed 8 January 2025)

The Board announced a fifth programme, commencing 29 August 2024, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million which will end no later than 31 January 2025, subject to market conditions. At 31 December 2024, the Group had purchased 2,810,108 shares in aggregate for cancellation at a total cost of £28.4 million, including transaction costs. These shares were all cancelled by 31 December 2024. In January, the Group purchased a further 171,302 shares in aggregate for cancellation at a further cost of £1.6 million, including transaction costs. This programme fully completed on 8 January 2025.

Share buyback programme 6 (commenced 6 March 2025 and completed 8 July 2025)

The Board announced a sixth programme, commencing 6 March 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £30.0 million which will end no later than 31 August 2025, subject to market conditions. At 30 June 2025, the Group had purchased 3,000,578 shares in aggregate for cancellation at a total cost of £27.1 million, including transaction costs. However, due to timing, only 2,827,499 were cancelled at 30 June 2025 and the remaining 173,079 shares purchased for £1.8 million were cancelled in July 2025. Details of shares bought back since 30 June 2025 are included in Note 22 below.

21. Issue of Shares

During the period, 182,663 Grafton Units were issued under the Group's Savings Related Share Option Scheme (SAYE) to eligible UK employees.

In addition, 11,856 Grafton Units were issued under the 2021 Grafton Group Long Term Incentive Plan (LTIP), on the vesting of Awards granted in 2022, as the conditions for Total Shareholder Return ("TSR") targets were met. No other Grafton Units were issued on the vesting of Awards granted in 2022, as the performance conditions for Earnings Per Share ("EPS") targets were not met.

22. Events after the Balance Sheet Date

The Company bought back, for cancellation, 0.3 million shares at a cost of £2.9 million between 1 July 2025 and 8 July 2025, when the sixth share buyback programme completed.

In addition, the Board has announced a seventh programme, commencing 4 September 2025, to buy back ordinary shares in the Company for an aggregate consideration of up to £25.0 million. The seventh share buyback programme will end no later than 31 January 2026, subject to market conditions

There have been no other material events subsequent to 30 June 2025 that would require adjustment to or disclosure in this report.

23. Board Approval

This announcement was approved by the Board of Grafton Group plc on 2 September 2025.

Supplementary Financial Information

Alternative Performance Measures

Certain financial information set out in this consolidated financial information is not defined under IFRS. These key Alternative Performance Measures (“APMs”) represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The key Alternative Performance Measures (“APMs”) of the Group are set out below. As amounts are reflected in £’m some non-material rounding differences may arise. Numbers that refer to 2024 are available in the 2024 Annual Report and Accounts and the 2024 Half Year Report.

The term “Adjusted” means before exceptional items and acquisition related items. These items do not relate to the underlying operating performance of the business and therefore to enhance comparability between reporting periods and businesses, management do not take these items into account when assessing the underlying profitability of the Group.

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, professional fees for new and target acquisitions, adjustments to previously estimated earn outs, impairment charges related to intangible assets recognised on acquisition of businesses and goodwill impairment charges. Customer relationships, technology and brands amortisation, the impact of unwinding acquisition related deferred consideration to present value and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore are also included as adjusting items.

APM	Description
Adjusted operating profit/EBITA	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Operating profit margin	Profit before net finance expense and income tax expense as a percentage of revenue.
Adjusted operating profit/EBITA before property profit	Profit before profit on the disposal of Group properties, amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items, net finance expense and income tax expense.
Adjusted operating profit/EBITA margin before property profit	Adjusted operating profit/EBITA before property profit as a percentage of revenue.
Adjusted profit before tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items, exceptional items and income tax expense.
Adjusted profit after tax	Profit before amortisation of intangible assets arising on acquisitions, acquisition related items and exceptional items but after deducting the income tax expense.
Average capital employed	Average capital employed is the average of the capital employed balance at the opening and closing balance sheet dates.

Capital Turn	Revenue for the previous 12 months divided by average capital employed (where capital employed is the sum of total equity and net debt/(cash) at each period end).
Constant Currency	Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency change, the results for the prior period are retranslated using the average exchange rates for the current period and compared to the current period reported numbers.
Dividend Cover	Group earnings per share divided by the total dividend per share for the Group.
EBITDA	Earnings before exceptional items, acquisition related items, net finance expense, income tax expense, depreciation and intangible assets amortisation. EBITDA (rolling 12 months) is EBITDA for the previous 12 months.
EBITDA Interest Cover	EBITDA divided by net bank/loan note interest.
Free Cash Conversion	Free cash flow as a percentage of adjusted operating profit. The prior year percentage has been restated due to the changes noted within the definition of the Free Cash Flow APM.
Free Cash Flow	Cash generated from operations less replacement capital expenditure (net of disposal proceeds), less interest paid (net), income taxes paid and payment of lease liabilities. In the current year the definition has been refined to also deduct payment of deferred acquisition consideration, and the prior year has been restated to reflect this.
Gearing	The Group net (cash)/debt divided by the total equity attributable to owners of the Parent times 100, expressed as a percentage.
Liquidity	The Group's accessible cash, including any undrawn revolving bank facilities.
Like-for-like revenue	Changes in like-for-like revenue is a measure of underlying revenue performance for a selected period. Branches contribute to like-for-like revenue once they have been trading for more than twelve months. Acquisitions contribute to like-for-like revenue once they have been part of the Group for more than 12 months. When branches close, or where a business is disposed of, revenue from the date of closure, for a period of 12 months, is excluded from the prior period result.
Net (Debt)/Cash	Net (debt)/cash comprises current and non-current interest-bearing loans and borrowings, lease liabilities, fixed term cash deposits, cash and cash equivalents and current and non-current derivative financial instruments.
Adjusted Return on Capital Employed	Adjusted operating profit divided by average capital employed (where capital employed is the sum of total equity and net debt/(cash) at each period end) times 100, expressed as a percentage.
Adjusted Earnings Per Share	A measure of underlying profitability of the Group. Adjusted profit after tax is divided by the weighted average number of Grafton Units in issue, excluding treasury shares.

Adjusted Operating Profit/EBITA before Property Profit

	H1 2025 £'m	H1 2024 £'m
Revenue	1,252.4	1,137.2
Operating profit	87.7	71.3
Property profit	-	-
Exceptional items	(7.8)	-
Acquisition related items	0.4	1.7
Amortisation of intangible assets arising on acquisitions	10.8	10.0
Adjusted operating profit/EBITA before property profit	<u>91.0</u>	<u>83.1</u>
Adjusted operating profit/EBITA margin before property profit	<u>7.3%</u>	<u>7.3%</u>

Operating Profit Margin

	H1 2025 £'m	H1 2024 £'m
Revenue	1,252.4	1,137.2
Operating profit	87.7	71.3
Operating profit margin	<u>7.0%</u>	<u>6.3%</u>

Adjusted Operating Profit/EBITA

	H1 2025 £'m	H1 2024 £'m
Revenue	1,252.4	1,137.2
Operating profit	87.7	71.3
Exceptional items	(7.8)	-
Acquisition related items	0.4	1.7
Amortisation of intangible assets arising on acquisitions	10.8	10.0
Adjusted operating profit/EBITA	<u>91.0</u>	<u>83.1</u>
Adjusted operating profit/EBITA margin	<u>7.3%</u>	<u>7.3%</u>

Adjusted Profit before Tax

	H1 2025 £'m	H1 2024 £'m
Profit before tax	83.5	71.7
Amortisation of intangible assets arising on acquisitions	10.8	10.0
Exceptional items	(7.8)	-
Acquisition related items	0.4	1.7
Unwinding of discount applicable to deferred consideration	0.2	0.7
Unwinding of discount applicable to deferred receivables	(0.1)	-
Adjusted profit before tax	<u>86.8</u>	<u>84.1</u>

Adjusted Profit after Tax

	H1 2025 £'m	H1 2024 £'m
Profit after tax	68.7	57.3
Amortisation of intangible assets arising on acquisitions	10.8	10.0
Tax on amortisation of intangible assets arising on acquisitions	(2.4)	(2.3)
Exceptional items	(7.8)	-
Acquisition related items	0.4	1.7
Tax on acquisition related items	-	(0.1)
Unwinding of discount applicable to deferred receivable	(0.1)	-
Unwinding of discount applicable to deferred consideration	0.2	0.7
Tax on unwinding of discount applicable to deferred consideration	-	(0.1)
Adjusted profit after tax	<u>69.7</u>	<u>67.3</u>

Reconciliation of Profit to EBITDA

	H1 2025 £'m	H1 2024 £'m
Profit after tax	68.7	57.3
Exceptional items	(7.8)	-
Net finance expense/(income)	4.2	(0.3)
Income tax expense	14.7	14.3
Depreciation	61.1	55.3
Intangible asset amortisation	12.0	10.9
Acquisition related items	0.4	1.7
EBITDA	<u>153.4</u>	<u>139.3</u>

Net (Debt)

	30 June 2025 £'m	30 June 2024 £'m
Cash and cash equivalents	344.5	403.4
Interest-bearing loans (non-current)	(194.6)	(192.3)
Interest-bearing loans (current)	(53.8)	-
Bank overdrafts	-	-
Lease liabilities (non-current)	(318.6)	(341.3)
Lease liabilities (current)	(74.5)	(66.6)
Derivatives	(0.3)	0.0
Fixed term cash deposits	150.0	150.0
Net (Debt)	<u>(147.3)</u>	<u>(46.8)</u>

Net Debt to EBITDA

	30 June 2025 £'m	30 June 2024 £'m
EBITDA (rolling 12 months)	306.1	294.2
Net debt	147.3	46.8
Net debt to EBITDA – times	<u>0.48</u>	<u>0.16</u>

EBITDA Interest Cover (including interest on lease liabilities)

	H1 2025 £'m	H1 2024 £'m
EBITDA	153.4	139.3
Net bank/loan note interest expense/(income)	3.0	(0.3)
EBITDA interest cover – times	<u>51.0</u>	<u>n/a</u>

Free Cash Flow

	H1 2025 £'m	H1 2024 £'m
Cash generated from operations	147.6	161.1
Replacement capital expenditure	(11.1)	(14.6)
Proceeds on sale of property, plant and equipment	0.7	0.7
Proceeds on sale of held for sale/investment properties	-	-
Interest received	10.5	11.4
Interest paid	(12.3)	(11.7)
Payment of lease liabilities	(37.5)	(34.9)
Deferred acquisition consideration paid	(2.9)	(1.5)
Income taxes paid	(16.9)	(12.4)
Free cash flow	<u>78.0</u>	<u>98.0</u>

Adjusted Return on Capital Employed

	30 June 2025 £'m	30 June 2024 £'m
Operating profit*	169.0	160.1
Exceptional items*	(7.8)	-
Acquisition related items*	3.3	3.6
Amortisation of intangible assets arising on acquisitions*	21.0	19.9
Adjusted operating profit	<u>185.4</u>	<u>183.5</u>
Total equity – current period end	1,609.7	1,593.7
Net debt	147.3	46.8
Capital employed – current period end	<u>1,757.0</u>	<u>1,640.5</u>
Total equity – prior period end	1,593.7	1,675.3
Net debt/(cash)	46.8	(3.7)
Capital employed – prior period end	<u>1,640.5</u>	<u>1,671.6</u>
Average capital employed	<u>1,698.8</u>	<u>1,656.1</u>
Adjusted return on capital employed	<u>10.9%</u>	<u>11.1%</u>

**rolling 12 months*

Capital Turn

	30 June 2025 £'m	30 June 2024 £'m
Total revenue for previous 12 months	2,397.5	2,267.1
Average capital employed	<u>1,698.8</u>	<u>1,656.1</u>
Capital turn - times	<u>1.4</u>	<u>1.4</u>

Free Cash Conversion

	H1 2025 £'m	H1 2024 £'m
Free cash flow	78.0	98.0
Adjusted operating profit	<u>91.0</u>	<u>83.1</u>
Free cash conversion	<u>86%</u>	<u>118%</u>

Gearing	30 June 2025 £'m	30 June 2024 £'m
Total equity attributable to owners of the Parent	1,609.7	1,593.7
Group net debt	147.3	46.8
Gearing	9.2%	2.9%

Liquidity	30 June 2025 £'m	30 June 2024 £'m
Cash and cash equivalents	344.5	403.4
Fixed term cash deposits	150.0	150.0
Less: cash held against letter of credit*	(4.0)	(4.0)
Accessible cash	490.5	549.4
Undrawn revolving bank facilities	274.7	273.3
Liquidity	765.2	822.7

*At 30 June 2025, cash of £4.0 million (30 June 2024: £4.0 million) was reserved to cover the risk of an event of default by the Group on a letter of credit. This arrangement can be replaced at any time.

Net Cash – before Leases	30 June 2025 £'m	30 June 2024 £'m
Net (debt) - after leases	(147.3)	(46.8)
Lease liability	393.1	407.9
Net cash – before leases	245.8	361.1

Like-for-Like Revenue	H1 2025 £'m	H1 2024 £'m
2024/2023 revenue	1,137.2	1,189.3
Organic growth	16.2	(49.7)
Organic growth – new branches	2.2	3.5
Total organic growth	18.4	(46.2)
Acquisitions	106.3	11.5
Foreign exchange	(9.5)	(17.4)
2025/2024 revenue	1,252.4	1,137.2
Like-for-like movement (organic growth, excluding new branches, as % of prior period revenue)	1.4%	(4.2%)

Cash Outflow on Dividends and Share Buyback, excluding transaction costs	H1 2025 £'m	H1 2024 £'m
Dividend payment	51.8	52.2
Purchase of treasury shares (Note 20)	28.7	52.5
Exclude LTIP share purchase (Note 20)	-	(0.0)
Cash outflow on dividends and share buyback, excluding transaction costs	80.5	104.8

Responsibility Statement in Respect of the Six Months Ended 30 June 2025

The Directors are responsible for preparing this interim management report and the condensed consolidated half year financial statements in accordance with International Accounting Standards 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The Directors confirm that, to the best of their knowledge:

- The condensed consolidated interim financial statements for the half year ended 30 June 2025 have been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34 as adopted by the EU;
- The interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and its impact on the condensed consolidated interim financial statements for the half year ended 30 June 2025, and a description of the principal risks and uncertainties for the remaining six months;
- The interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board:

Eric Born
Chief Executive Officer

David Arnold
Chief Financial Officer



Independent review report to Grafton Group plc

Report on the condensed consolidated half year financial statements

Our conclusion

We have reviewed Grafton Group plc's condensed consolidated half year financial statements (the "interim financial statements") in the Half Year Report of Grafton Group plc for the six month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements, comprise:

- the Group Condensed Balance Sheet as at 30 June 2025;
- the Group Condensed Income Statement and Group Condensed Statement of Comprehensive Income for the six months then ended;
- the Group Condensed Cash Flow Statement for the six months then ended;
- the Group Condensed Statement of Changes in Equity for the six months then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and



Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Report including the interim financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
Dublin
3 September 2025

Notes:

- (a) The maintenance and integrity of the Grafton Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.