Marshalls

Building Tomorrow's World

Annual Report and Accounts 2024

Our purpose

Building Tomorrow's World

Creating beautiful and resilient buildings and spaces where communities thrive and individuals are uplifted.

With decades of expertise, a pioneering spirit, and a profound commitment to care, we shape living spaces that inspire today and endure for generations.

By transforming the present into the future, we are not merely creating spaces … we are Building Tomorrow's World.

Our new strategy is to

'Transform & Grow'

through the next cycle: unlocking our potential for growth and value creation

▶ **Our strategy page 13**

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Strategic Report

Governance

Financial Statements

Highlights

Resilient performance in 2024

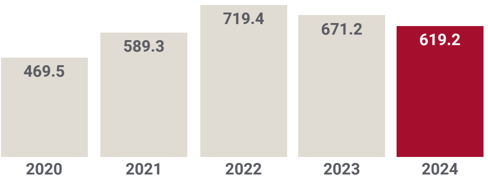
Strong foundations in place to drive outperformance over the medium term

▶ Our investment case page 4

Revenue (£'m)

£619.2m

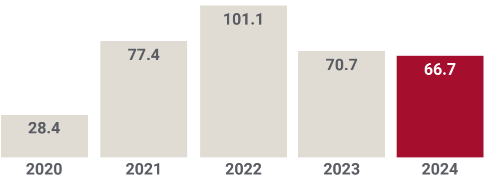
(down 8%)



Adjusted operating profit[1] (£'m)

£66.7m

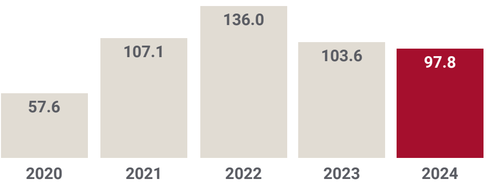
(down 6%)



Adjusted EBITDA[1] (£'m)

£97.8m

(down 5%)



Adjusted profit[1] before tax (£'m)

£52.2m

Reported operating profit (£'m)

£53.9m

Reported profit before tax (£'m)

£39.4m

Adjusted return on[1] capital employed (%)

8.2%

Adjusted[1] basic EPS (p)

16.0p

Reported EPS (p)

12.3p

Full-year dividend recommended (p)

8.0p

Strategic highlights

- Resilient Group performance reflecting decisive management actions and diversification strategy
- Focused improvement actions in Landscaping Products gaining traction, revenue growth expected in 2025
- Strong performance by Roofing Products that has continued into 2025
- Building Products returned to profit growth and is well positioned for 2025
- Well positioned for growth in 2025
- Balance sheet strengthened through further reduction in net debt
- 'Transform & Grow' strategy launched in November 2024 and being rolled out at pace

Financial highlights

- Financial performance benefitted from efficiency gains and cost reductions together with strong performances from Roofing and Building Products
- Adjusted operating cash flow conversion was strong at 106 per cent (2023: 106 per cent), reflecting disciplined working capital management
- Robust balance sheet with a year-on-year net debt reduction of £39.0 million
- Year-end leverage substantially improved to 1.5 times adjusted EBITDA (2023: 1.9 times)

ESG highlights

- Approved net-zero target across all emission scopes by 2050
- Recognised by Financial Times and Statista as one of Europe's Climate Leaders for the third time
- MPA Health and Safety Award for Safer Production
- Environmental Product Declarations covering the majority of our product range
- Less than 1 per cent of our waste goes to landfill
- Celebrating ten years of having the Fair Tax Mark and being a Living Wage employer
- Social value and apprenticeships programme focusing on the next generation of construction industry professionals
- Comprehensive human rights due diligence programme

Notes:

1. Alternative performance measures are used consistently throughout this Annual Report. For further details of their purpose, definition and reconciliation to the equivalent statutory measures, see Note 31.

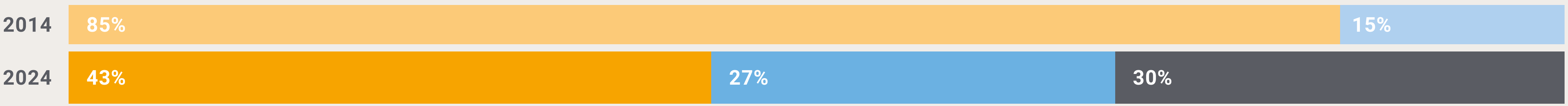
At a Glance

Marshalls has evolved and is positioned to 'Transform & Grow'

We have an attractive, diversified portfolio of businesses exposed to scale markets with long-term growth drivers and near-term structural market tailwinds.

Diversification over time

Landscaping Products Building Products Roofing Products



Our heritage

From its heritage in landscaping to an increasingly diversified group of businesses.

2014
Landscaping

Marshalls

2017
Water Management

cpm

2018
Bricks & Masonry

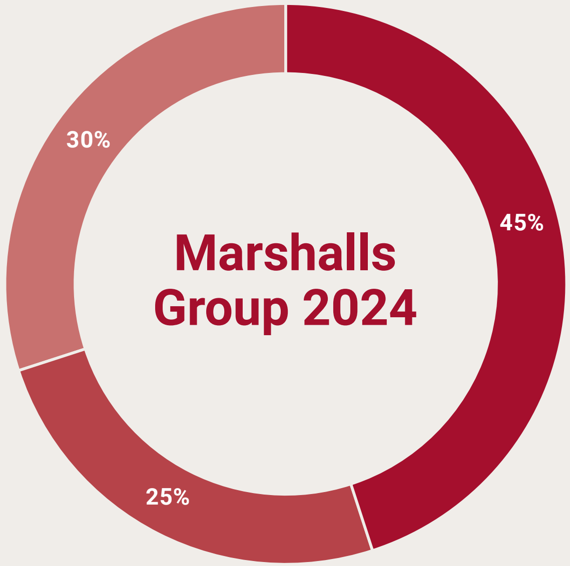
EDENHALL

2022
Roofing and Solar

Marley
viridian solar

End market exposure

The Group's three main end market areas are New Housing, Commercial & Infrastructure, and Housing RMI (repair maintenance and improvement).



New Housing Housing RMI Commercial & Infrastructure

At a Glance continued

The Group is diversified, operates across the UK construction market, and offers a broad product range with specialist and innovative products and solutions.

BRAND POWERHOUSES

LANDSCAPING PRODUCTS

9 locations

Revenue **£268.3m**

Marshalls Landscaping
- Market leadership position
- Balanced exposure to end markets
- Well invested national operations network

ROOFING PRODUCTS

6 locations

Revenue **£186.3m**

Marley Roofing
- Brand powerhouse
- Market leader in pitched roofing
- Balanced end market exposure

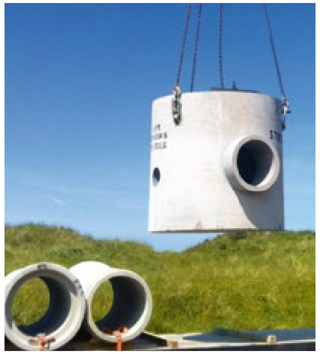
Viridian Solar
- Market leader in integrated solar
- Leadership in ESG
- Wrap around service considered to be market leading

GROWTH ENGINES

BUILDING PRODUCTS

8 locations

Revenue **£164.6m**



Marshalls Water Management
- Leading market position in residential wastewater and surface water drainage
- Nationwide operations network

Marshalls Bricks & Masonry
- Market leader in lower-carbon concrete bricks
- Wide product range and nationwide coverage

Marshalls Mortars & Screeds and Aggregates
- Integral parts of the Group's portfolio of businesses

Where we operate

We operate from strategically located manufacturing and distribution sites across the UK.

Group employees

2,435

Investment Case

Creating shareholder value

Group positioned to outperform the construction market

Attractive, diversified portfolio of businesses exposed to scale markets with long-term growth drivers and near-term structural market tailwinds.

Significant headroom for growth in our addressable markets through innovation and bolt-on acquisitions.

Profit growth delivered through operational leverage

Group expected to benefit from material profit improvement due to operational leverage and optimising manufacturing network.

Highly cash generative business model

Strategy execution expected to deliver material increase in operating cash flow.

Normalisation of capital expenditure to underpin plan in medium term.

Free cash flow de-levers balance sheet

Increase in free cash flow expected to de-lever the balance sheet and provide capital for bolt-on acquisitions or returns to shareholders.

Profitable growth increases shareholder returns

Expected earnings growth will drive dividend growth.

Increased returns expected without material increase in capital employed.

Strategy execution increases cyclical resilience.

MEDIUM-TERM TARGETS

2–4% market outperformance

15% operating margin

90% cash conversion

£20–30m capital expenditure pa

0.5–1.5x pre-IFRS 16 net debt to EBITDA leverage target range

2x dividend cover

15% return on capital employed

Investment Case continued

Capital allocation policy

Organic growth

- Strategic plan requires capital investment of £20–30 million per annum
- Comprises growth capex in water management and bricks together with maintenance capex and investment in IT

Investment to enhance competitive advantage

- Market leading brands and solutions that are consistently recognised for their quality, range and service
- Best-in-class technical and design support
- Carbon leadership

Dividends

- Maintain dividend cover of two times adjusted earnings
- Earnings growth expected to drive increase in cash shareholder returns in medium term

Balance sheet deleveraging

- Strong conversion of profit into operating cash flow and capital expenditure normalised
- Balance sheet deleveraging to continue in medium-term
- Target leverage range of 0.5–1.5x EBITDA optimal to provide flexibility

Selective acquisitions

- Selective bolt-on M&A to support growth strategy
- Focus on roofing, water management and energy transition
- Create optionality for scale acquisition in longer term

Group financial model

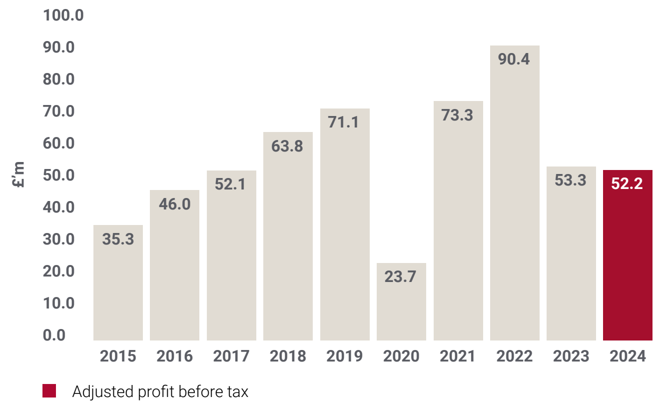
'Transform & Grow' strategy drives revenue growth outperformance and operational leverage, which will deliver enhanced shareholder returns.

▶ Our strategy page 13

Our performance

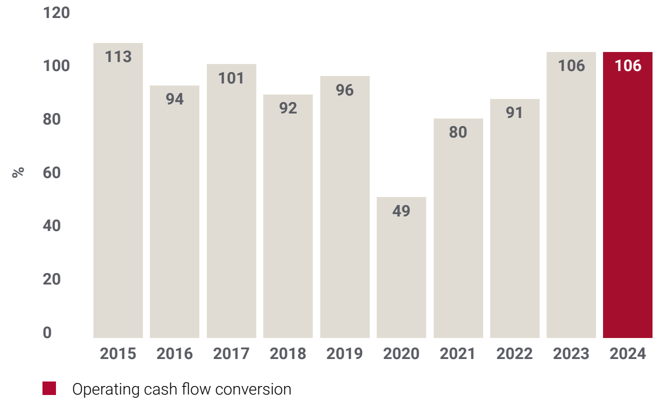
Marshalls has a long-term track record of delivering shareholder value before the recent downturn adversely impacted results ...

Adjusted profit before tax



... and delivers strong and consistent cash conversion

Operating cash flow conversion



▶ Our financial review page 50

Chair's Statement

Vanda Murray OBE
Chair

Summary

- Resilient performance despite challenging macro-economic and market conditions
- Group revenue 8% lower than prior year at £619.2 million and adjusted profit before tax 2% lower at £52.2 million (reported profit before tax £39.4 million)
- Strong balance sheet with net debt reducing by £39 million to £133.9 million (2023: £172.9 million)
- Final dividend proposed of 5.4 pence per share
- Successful leadership transition, with Matt Pullen established as Chief Executive
- 'Transform & Grow' strategy provides foundation to realise the Group's growth potential and deliver on clear medium-term targets
- Ongoing leadership of ESG governance and standards

I am proud of how the Board and executive management team have navigated a period of significant change, managed short-term market pressures and clearly outlined our new strategy and medium-term goals.

Overview

Despite the challenging macro-economic and market conditions throughout 2024, the Group performed resiliently, meeting market expectations. With the timing of a recovery in our key markets still uncertain, the Group, under the Board's guidance, maintained strong cost discipline and significantly reduced net debt over the year.

Since taking over from Martyn Coffey last March, Matt Pullen has firmly established himself as Chief Executive. He completed a thorough induction, engaging with key stakeholders and immersing himself in our culture.

With full support from the Board, Matt led a comprehensive review of the Group's strategy, culminating in the presentation of 'Transform & Grow' at our capital markets event last November. We also introduced our new purpose, 'Building Tomorrow's World', which resonates with our colleagues and businesses across the Group.

During the year, Simon Bourne transitioned to the role of Chief Commercial Officer, aligning with our strategic ambitions and the need for strong commercial leadership. Simon's extensive knowledge and experience within the Group made him the ideal candidate for this role.

I am proud of how the Board and executive management team have navigated this period of significant change, managed short-term market pressures and clearly outlined our new strategy and medium-term goals. The Group has remained disciplined and agile throughout the year and is well-positioned to capitalise on a market recovery.

Performance and results

The Group's trading performance has remained resilient despite the backdrop of challenging macro-economic and market conditions. Group revenue for the year ended 31 December 2024 was 8 per cent lower than the prior year at £619.2 million (2023: £671.2 million). The Group's adjusted profit before tax was 2 per cent lower than the prior year at £52.2 million (2023: £53.3 million), representing a margin of 8.4 per cent (2023: 7.9 per cent). Adjusted earnings per share was 16.0 pence (2023: 16.7 pence), and earnings per share on a statutory basis was 12.3 pence (2023: 7.4 pence).

The Group's balance sheet strengthened further during the year, with net debt on a pre-IFRS 16 basis reducing by £39 million to £133.9 million (2023: £172.9 million), reflecting the strong actions taken to manage cash and capital. Marshalls continues to be strongly cash generative, and we maintain good headroom against our bank facility and covenants.

Further detail on the results is set out on pages 8 and 9 of the Chief Executive's Statement and pages 50 to 53 in the Financial Review.

Dividends

The Group maintains its dividend policy of distributions covered twice by adjusted earnings. The Board has proposed a final dividend of 5.4 pence per share which, together with the interim dividend of 2.6 pence, would result in a payout in respect of 2024 of 8.0 pence per share (2023: 8.3 pence). This is in line with the Group's policy and represents a year-on-year reduction of 4 per cent driven by lower operating profit and a higher effective tax rate, partially offset by lower finance costs. The dividend will be paid on 1 July 2025 to shareholders on the register at the close of business on 6 June 2025. The shares will be marked ex-dividend on 5 June 2025.

THE MARSHALLS WAY

Do the right things

- We have high standards
- We deliver market leading quality to our customers
- We strive to meet the needs and expectations of our customers
- We are continually developing the business and our people

For the right reasons

- We consider the long-term impact of every decision we make
- We are guided by strong principles
- We operate in the most ethical and sustainable way
- We take responsibility for every action

In the right way

- We set clear expectations
- We anticipate and embrace change
- We put people, communities and the environment first
- We work as a team to proactively propose solutions

▸ Stakeholder engagement page 27

Chair's Statement continued

'Transform & Grow' strategy

Our new 'Transform & Grow' strategy is the result of several months of intensive and rigorous work by the Board and executive management team.

Central to our strategy are our customers, who value the unique set of capabilities that are common across all our businesses: leading brands; best-in-class technical and design support; and strong reputation for carbon leadership. These capabilities are supported by our commitment to business-wide excellence, leadership in ESG standards and governance, and the development of our people, organisation and culture.

At our capital markets event, we shared details of our medium-term goals, our new business unit operating model, and how this strategy will be delivered through our two brand powerhouses: Marshalls Landscaping and Marley Roofing, and our three growth engines: Viridian Solar, Marshalls Bricks & Masonry and Marshalls Water Management.

Environment

We are committed to minimising our environmental impact, with a key focus on reducing our greenhouse gas ("GHG") emissions to net-zero. We have now integrated Marley and Viridian Solar into our plan and established near and long-term targets, which have been approved by the Science Based Targets initiative ("SBTi"). Our near-term goals include reducing absolute Scope 1 and 2 GHG emissions by 50.5% by 2030 and absolute Scope 3 GHG emissions by 37.5% by 2033, based on a 2018 baseline. These revised targets commit us to achieving net-zero emissions across our value chain by 2050. This is a crucial step for us, as we recognise the significant role we play as a manufacturer in reducing our carbon footprint.

Social

As a responsible business, we adhere to the principles of the United Nations Global Compact in the areas of human rights, labour, environment, and anti-corruption, as well as the UN's Sustainable Development Goals ("SDGs"). Our commitment to being a good employer prioritises the health, safety, and wellbeing of our people, and we uphold human rights both domestically and internationally within our supply chain. We are proud to be a Living Wage employer and to hold the Fair Tax Mark, reflecting our transparency in tax matters. This year, we have continued to make progress on our talent development programme, including our focus on Early Careers apprenticeships.

Governance

Our Corporate Governance Statement on pages 68 to 82 reaffirms our commitment to the highest standards of corporate governance, fully complying with the UK Corporate Governance Code. After operating our new ESG Committee at the Board level for over a year, we have introduced an ESG Committee Report, available on pages 91 and 92. This report outlines our ESG governance structure, and the key issues addressed by the Committee in 2024. The ESG Committee's agenda has evolved to align with our strategic pillar of carbon leadership and our commitment to leadership in ESG governance and standards. Our ESG Steering Committee sets our ESG strategy and objectives, while our ESG delivery team manages the day-to-day activities that support these goals.

Additionally, our Stakeholder Engagement section on pages 27 to 31 details how the Board engaged with both internal and external stakeholders throughout 2024.

Board changes

Matt Pullen was appointed to the Board on 8 January 2024 as Chief Executive designate and succeeded Martyn Coffey as Chief Executive on 1 March 2024. Simon Bourne became the Group's Chief Commercial Officer in May 2024, having previously served on the Board as Chief Operating Officer. Simon continues to retain responsibility for the Group's operations in his new role and remains on the Board.

Our people

It is a privilege to serve as your Chair, and I continue to view our people as a core strength of our business. The Group has demonstrated great resilience and adaptability throughout 2024, deserving of recognition. On behalf of the entire Board, I extend my heartfelt thanks to all our colleagues for their dedication, hard work, and loyalty to Marshalls. These qualities instil confidence in the Board regarding the Group's ability to achieve its strategic objectives.

Outlook

The Board expects a market recovery later this year which should strengthen progressively. This confidence is underpinned by the Government's ambition to reinvigorate new house building and to invest in developing the nation's infrastructure alongside further likely cuts to interest rates. The Group is well placed to leverage this recovery through its diverse portfolio of businesses, as evidenced by the encouraging performances in Roofing and Building Products which currently deliver 80 per cent of profits, and the benefit of operational leverage.

This strength will be further bolstered by an improved performance in Landscaping Products, profitable growth through the execution of the 'Transform & Grow' strategy, and capitalising on a market recovery. The Group is well positioned to respond swiftly to improving activity levels as key end markets recover and the Board remains confident about delivering a material increase in profitability and returns over the medium term.

Vanda Murray OBE
Chair
17 March 2025

OUR VALUES

Act with courage

- We take responsibility for every action
- We get things done
- We learn from experiences
- We challenge and feed back

Win together

- We work as one Marshalls team
- We respect everyone
- We propose solutions
- We value development

Shape the future

- We champion our customers
- We initiate and embrace change
- We consider the long-term impact of our decisions
- We develop diverse teams

Inspire with clear purpose

- We are proud and passionate
- We share and celebrate success
- We continuously improve
- We create clarity of expectations

Chief Executive's Statement

Matt Pullen
Chief Executive

Summary

- Resilient performance despite challenging macro-economic and market conditions
- Group revenue 8% lower than prior year at £619.2 million and adjusted profit before tax 2% lower at £52.2 million
- Focus on cash flow has led to strong cash conversion, reduced pre-IFRS 16 net debt by £39 million to £133.9 million (2023: £172.9 million)
- 'Transform & Grow' strategy provides a foundation to fully leverage the strengths of our diverse portfolio and realise our growth potential
- Investing in nurturing and continuously developing our talent and embedding a positive high-performance culture

Guided by our new purpose, 'Building Tomorrow's World', our 'Transform & Grow' strategy provides a foundation to fully leverage the strengths of our diverse portfolio and realise our growth potential.

Overview

Marshalls has performed resiliently despite challenging market conditions, thanks to strategic self-help initiatives and stringent cost management. Our focus on cash flow has led to strong cash conversion and reduced net debt, and we are optimistic about the improving macro-economic environment and the new Government's pro-construction policies.

Marshalls has evolved from its heritage in landscaping into an increasingly diversified group of businesses with a more balanced and resilient exposure to our end markets. Guided by our new purpose, 'Building Tomorrow's World', our 'Transform & Grow' strategy provides a foundation to fully leverage the strengths of our diverse portfolio and highlights significant opportunities for outperformance and profitable growth in the medium term.

Performance and results

For the year ended 31 December 2024, Group revenue was £619.2 million, down 8 per cent (2023: £671.2 million). This decline reflects reduced demand from housebuilders and ongoing subdued activity in housing RMI, affecting all the Group's reporting segments.

The Group's adjusted operating profit was £66.7 million, down 6 per cent (2023: £70.7 million), reflecting weaker end markets that pressured demand and pricing, particularly in Landscaping, reducing profitability. However, management actions in 2023 to reduce costs and capacity partially offset these impacts. The adjusted operating profit margin for 2024 was up 30 basis points at 10.8 per cent (2023: 10.5 per cent). Adjusted profit before tax reduced by 2 per cent to £52.2 million (2023: £53.3 million).

Reported operating profit for the year was £53.9 million, including adjusting items totalling £12.8 million (2023: £29.7 million), detailed on pages 20 and 51. Reported profit before tax was £39.4 million, including £12.8 million in adjusting items (2023: £22.2 million).

Cash management actions in the weaker economic environment reduced pre-IFRS 16 debt by £39.0 million to £133.9 million (2023: £172.9 million). The Group's balance sheet further strengthened, with pre-IFRS 16 net debt to adjusted EBITDA at 1.5 times as of 31 December 2024 (2023: 1.9 times), driven mainly by lower net debt.

▶ **Further details on the performance of the Group's reporting segments are provided on pages 21 to 23**

'Transform & Grow' strategy

In my initial months as Chief Executive, my focus was to deeply understand the Group and immerse myself in our culture. I spent time with our leadership teams across our businesses, visited numerous sites to engage with colleagues, and met key stakeholders, including investors, customers, and suppliers.

This comprehensive induction laid the groundwork for a detailed and intensive strategy review, conducted in collaboration with the Board and senior leadership team. Supported by strategy consultants, we undertook extensive market research and analysis of our end markets, customers, and competitors to fully grasp the value propositions of our businesses and brands. This provided clarity on the strategic choices needed to unlock the Group's growth potential.

The main tenets of our new 'Transform & Grow' strategy were presented at our Capital Markets Event on 19 November 2024, which was well received by the market and, most importantly, by our colleagues.

Our Group's strategy is driven by our new purpose, 'Building Tomorrow's World'. For over a century, Marshalls has shaped our environment, with our brands and solutions creating resilient and beautiful spaces where communities thrive. With decades of expertise, a pioneering spirit, and a deep commitment to care, we craft environments that inspire today and endure for generations.

Our strategy aligns with key drivers that will influence the built environment in the coming years, positioning Marshalls to leverage long-term growth opportunities related to climate change and near-term structural and regulatory tailwinds.

Placing our customers at the heart of our new strategy, we aim to align the Group's portfolio towards those who value our unique capabilities, leading brands, best in class technical and design support, and strong reputation for carbon leadership. These strengths are underpinned by our commitment to business excellence, leadership in ESG standards and governance, and the development of our people, organisation, and culture.

Chief Executive's Statement continued

At our Capital Markets Event, we outlined our medium-term goals, new business unit operating model, and how our strategy will be executed by repositioning our portfolio into two brand powerhouses: Marshalls Landscaping and Marley Roofing, and three growth engines: Viridian Solar, Marshalls Bricks & Masonry, and Marshalls Water Management.

Our two brand powerhouses, with their leading market positions, will drive sustainable growth in the medium term. Marshalls Landscaping will leverage its national specification-driven model to outperform the market by one to three per cent, while Marley Roofing will continue to drive sector leadership in the roofing industry, outperforming the market by one to two per cent.

Through our three growth engines, we aim to achieve higher market outperformance rates. Viridian Solar will capitalise on energy transition trends and the adoption of solar to grow eight to twelve per cent above the market. Marshalls Water Management will tap into growth from water and commercial infrastructure investments, outperforming the market by four to six per cent. Marshalls Bricks & Masonry will drive the adoption of lower-carbon concrete bricks in housebuilding, aiming for eight to twelve per cent market outperformance.

We are confident that our 'Transform & Grow' strategy will create greater value for all stakeholders, positioning the Group for market recovery and supporting growth ahead of the UK construction market as structural underinvestment in key end markets is addressed.

The Board's actions to manage the current cyclical downturn are expected to support a recovery of operating margins and ROCE to around 15 per cent as markets and volumes recover, benefitting from our operational leverage. The Board targets converting 90 per cent of EBITDA into operating cash flow over the medium term, focusing on capital allocation priorities.

▶ **Further details on our 'Transform & Grow' strategy are set out on pages 13 and 14**

Our business in 2024

Despite the challenges in our end markets throughout 2024, it has been encouraging to see strong performance from our roofing businesses. Viridian Solar has benefitted from the increasing adoption of solar in new housing, delivering exceptional growth and returns. Marley Roofing has continued to demonstrate its leadership in the roofing sector, returning to growth in the latter part of the year and maintaining healthy margins.

In Building Products, Marshalls Bricks & Masonry has managed to grow its market share of facing bricks despite a very weak new housebuild market. Marshalls Water Management has shown significant progress by pivoting from its strength in new housebuilding to tapping into growth opportunities in the large water and commercial infrastructure market.

We have acknowledged the underperformance of our Landscaping business and have taken swift and significant actions to improve performance. These measures are expected to gain traction as we move through the next year.

Our people and culture

Our people are at the core of our business, essential for driving growth through an inclusive, high-performance culture. Key to this has been the formation of our senior leadership team, 'Momentum', comprising around 60 leaders and top talent. This team, with its diverse skills, capabilities and experience, is pivotal in driving positive change and exemplifying the behaviours that underpin our culture. It has played a crucial role in shaping our new purpose and strategy, and we have invested significant time in leadership development together.

Unlocking our potential for growth and value creation

Where we are today

Increasingly diversified group of businesses beyond its heritage in landscaping with:

Portfolio of strong brands in its existing markets	Reputation for leading in ESG	Strength in operational excellence, national manufacturing scale and operational leverage	Good customer relationships	Knowledgeable and passionate people	Hybrid Group operating model

Where we are going

Group with strategic clarity and ambition, known for:

Leading brands delivering pioneering systems and solutions	ESG and carbon leadership	Realising the synergies and operational leverage of our national manufacturing and logistics network	Powerful customer partnerships	High-performance culture that realises the potential of its people	Business unit focused operating model

We continue to nurture and develop our talent through our leadership development programme with Cranfield University, investing in apprenticeship programmes across the Group, and embedding operational excellence and frameworks to support our growth agenda. It's also pleasing to see the ongoing engagement and improvements in our approach to health, safety and wellbeing across the entire Group.

Engaging with colleagues remains a priority. We will build on the success of our Employee Voice Group network and invest in a new communications platform to enhance engagement with all our colleagues.

I want to extend my thanks to all my colleagues at Marshalls for their warm welcome as I stepped into the role of Chief Executive, and more importantly, for their hard work, commitment, and positivity over the past twelve months. With our new strategy in place, I look forward to working with everyone to realise Marshalls' potential and drive our future success together.

Matt Pullen
Chief Executive
17 March 2025

Chief Executive's Statement continued

Q&A with Matt Pullen

Matt Pullen
Chief Executive

What have been your first impressions of Marshalls since being appointed?

Since I joined Marshalls last January, I have been hugely impressed by the remarkable strength of our team, our capabilities, and our culture. It's clear that we have a core of talented, knowledgeable and experienced leaders, supported by colleagues who are passionate about building a successful business. This strength, combined with our portfolio of brands with enviable market market leading positions, has only reinforced the significant growth potential I can see for the Group over the medium term. These qualities have been particularly evident this year, with the team delivering a resilient performance despite the challenging market conditions.

What are the highlights from your time as Chief Executive so far?

Whilst it has been a challenging period for the industry, we have used this time wisely, having implemented a comprehensive strategy review to ensure we are well positioned to drive outperformance and capitalise on market recovery. I am pleased with the progress that we have made this year, and I look forward to updating all stakeholders of our progress as we implement our new 'Transform & Grow' strategy.

How dependent is the new strategy on the Government's "promised" infrastructure spend?

I wouldn't use the word "dependent", as we will drive growth in each of our business units regardless. However, there is no doubt that this growth will be strengthened by increased Government spending. We are encouraged by the Government's commitment to investing more in the nation's infrastructure and its ambition to significantly increase the number of new homes built during this parliament. Like many others in our sector, we are eager to hear more details about these plans.

How dependent is delivery on winning new customers?

We have a strong history of forging important relationships and partnerships with key stakeholders at all levels of the value chain, and our senior management team, which has been further strengthened by recent appointments, is extremely experienced in this area.

Landscaping remains an important part of the more diversified Group; what actions are you taking to turn around the performance of this business?

Our Landscaping business has faced challenges during the current economic downturn. We understand the reasons behind this and, in June last year, implemented a comprehensive improvement plan:

- Strengthen leadership and realign organisation
- Develop commercial and operations excellence capabilities
- Portfolio simplification and operational efficiency
- Build long-term strategic customer and supplier partnerships

We anticipate these measures will start to take effect in 2025, leading to significant improvements in our Landscaping performance, driving revenue and market share growth in our target segments and enhancing profitability.

What gives you confidence in delivering a medium-term market outperformance of up to 4 per cent at the Group level?

The combination of our leading brands, national scale and the expertise within the Group positions us incredibly well to deliver this growth, particularly as our solar, water management and bricks business units have plenty of headroom to grow share and will benefit from fast growing attractive markets that will benefit from the long-term growth drivers associated with climate change and nearer-term regulatory and structural tailwinds.

How do you see the debt position evolving over time?

We have been very successful in reducing net debt in the last couple of years as demonstrated by the £39.0 million reduction in pre-IFRS 16 net debt reported in this year. Balance sheet deleveraging continues to be a key part of our strategy in the medium term. However, in the short term we expect net deleveraging in 2025 to be modest. In the medium term, we expect to see strong growth in free cash flow with improving profitability, consistent conversion of profit into cash and normalised capital expenditure. We are targeting to operate in the range of 0.5 times and 1.5 times, which we believe provides the right degree of balance sheet flexibility.

What would you say to the employees across the business regarding their importance to the Group and delivery of the 'Transform & Grow' strategy?

The success of our 'Transform & Grow' strategy relies on the dedication and passion of our people across the business. Every team, from Marshalls Landscaping, Marley Roofing, Viridian Solar, Marshalls Water Management, Marshalls Bricks & Masonry, Marshalls Mortars & Screeds, to Aggregates, and the centres of excellence supporting these units, plays a vital role in driving the overall success of the Marshalls Group.

What percentage of new homes do you expect to incorporate solar in the medium term?

We anticipate that solar energy will achieve an 80 per cent penetration rate in new builds, with 80 per cent of these installations being in-roof. This equates to approximately 64 per cent of all new builds. We estimate this will create a market worth around £75 million to £80 million per 100,000 homes built, assuming an average of 2kWp per house. This projection is based on similar legislation introduced in Scotland a few years ago. While it's challenging to pinpoint the exact timing, we expect to reach this target consistently within the next twelve months.

Is the appetite for lower-carbon bricks increasing?

Absolutely, it is becoming an increasingly attractive proposition for a variety of developers, offering clear growth opportunities as we expand our reach among existing and new housebuilding customers, as well as into new regions. This growth is driven by our excellent range and service offerings, coupled with our strong lower-carbon credentials, supported by our products having a carbon footprint that is around 49% lower on a per tonne basis compared to clay bricks per the EPDs issued by the Brick Development Association. Notably, our market share in facing bricks has risen to almost 7 per cent over the past few years.

How is Marshalls differentiating itself in water management against its competition?

We are the only manufacturer in the UK providing both above and below ground water management solutions, with our industry leading concrete technology reinforcing our strong position in the sector. Additionally, we have the potential to expand our current standing to tap into the significant spending pool and structural AMP8 tailwinds in the adjacent surface water management and wastewater segments as well as benefitting from the increased Government investment in the nation's commercial infrastructure.

Q&A with the CFO and CCO

Developing our new strategy

Our CFO and CCO address the new strategy, including the rationale, the development process and the outcomes.

Specifically, we expect to deploy growth capex into Water Management and Bricks & Masonry. Capex in Landscaping and Roofing will focus on improving efficiency and maintaining our existing capital base. We also expect to deploy capital into working capital to support the growth of Viridian Solar.

Can you provide an overview of how the different business units fit into the 'Transform & Grow' strategy?

Each business unit is integral to driving sustainable growth under the 'Transform & Grow' strategy. As part of the strategy, we categorised our business units as the brand powerhouses of Marshalls Landscaping and Marley Roofing, which are established and will generate more value for the Group in the shorter term, and our growth engines of Viridian Solar, Marshalls Water Management and Marshalls Bricks & Masonry which, while they currently contribute less to the Group initially, will drive higher growth in the medium term.

At Landscaping Products, we are leveraging our distinctive national model and have implemented a number of actions to drive performance, which will enable us to outperform the market by one to three per cent. Marley continues to perform well, and our focus is on defending our heartlands and driving market share in key adjacencies to achieve our goal of outperforming the market by one to two per cent.

Our growth engines are each uniquely positioned to benefit from regulatory and market tailwinds. Viridian will benefit from increasing adoption of solar within new-build housing and will deliver a market outperformance of eight to twelve per cent, while Marshalls Water Management is targeting higher-growth infrastructure markets, underpinned by the AMP8 investment cycle, targeting four to six per cent market outperformance and Marshalls Bricks & Masonry will capitalise on the shift towards low-carbon concrete solutions and we are targeting market outperformance of eight to twelve per cent.

By aligning each business unit to either the market recovery or structural growth opportunities, the new strategy will facilitate long-term profitability and continued value creation, through outperforming the market by two to four per cent at a Group level.

Building Tomorrow's World

What our customers value about our business propositions

"We are increasing our focus on sustainability; Marshalls bricks perform much better in that area.

Director, national housebuilder

Q&A with the CFO and CCO continued

Building Tomorrow's World

What our customers value about our business propositions

"Marshalls gets nine out of ten due to its quality of product and service level. On a human level it is a pleasure to deal with.

Owner, civils groundworker

What trends or regulatory changes are shaping demand across your markets?

Each of our end markets is exposed to regulatory changes and market trends that will enhance demand for our products and services. This includes Part L building regulations which will increase demand for Viridian Solar products. Infrastructure projects such as the AMP8 investment cycle, which runs from 2025 to 2030, will provide a boost for Marshalls Water Management as well as Landscaping. Whereas a housing market recovery supports all of our business units. A key component of developing the 'Transform & Grow' strategy was ensuring that we are well positioned to benefit from these external future growth drivers.

How do you prioritise capital allocation across the different business units and what criteria determines where investment is focused?

We will maintain an agile approach to deploying capital across the business and continue to focus on opportunities that generate stakeholder value and shareholder returns. The strategy is capital-lite with annual capital expenditure of between £20 million and £30 million, and a targeted return on capital employed of 15 per cent.

Simon, you were recently Acting MD for Landscaping; what measures did you put in place and what are the effects on performance?

Having identified the core issues behind the business underperformance, we implemented a comprehensive improvement plan in June 2024 with the priorities being:

- Strengthen leadership and realign organisation
- Develop commercial and operations excellence capabilities
- Portfolio simplification and operational efficiency
- Build long-term strategic customer and supplier partnerships

We are confident that this plan will deliver a progressive and significant improvement in performance of the business.

How will the strategy impact cash conversion and your ability to invest in growth?

Maintaining strong cash conversion is a key priority, supported by careful working capital management, disciplined cost control and an improved balance sheet position. In 2024, we delivered a £39.0 million reduction in net debt, which ended the year at £133.9 million. While one-off factors amounting to £9 million will reverse in Q1 2025, we remain focused on sustained cash flow improvements through inventory efficiency, receivables management, procurement optimisation, and disciplined capital expenditure.

How important will your people be to delivering the strategy and what measures are you putting in place to support them?

We are very lucky to work with incredibly talented, passionate and experienced people across all functions and divisions of the business. Our responsibility, as part of the strategy and separately, is to cultivate a high-performance culture that enables our people to realise their potentials, prioritise their development and drive the business' market outperformance.

As part of this, we have implemented a leadership talent development programme and we are introducing initiatives to boost employee engagement and continuously prioritising our teams' learning and development. Our people and culture are significant growth drivers.

Our Strategy

Our purpose: **Building Tomorrow's World**
Our strategy: **'Transform & Grow'**

Best-in-class technical and design support

Technical know-how and understanding of the building standards of today and tomorrow provide unrivalled expertise for customers.

Carbon leadership

Commitment to materials innovation and a nationwide network supports lower-carbon supplier of choice.

Customers who value our unique set of capabilities

Leading brands

Market leading brands and solutions consistently recognised for their quality, range and service.

Business excellence

Investing in technology and systems to drive our operational and commercial excellence

60
new apprentices

Leadership in ESG

Commitment to leading in ESG standards and governance as a responsible business, guided by the UN Global Compact

Phase 1
of new ERP system implementation in 2024

Great place to work

Investing in our people, organisation and culture

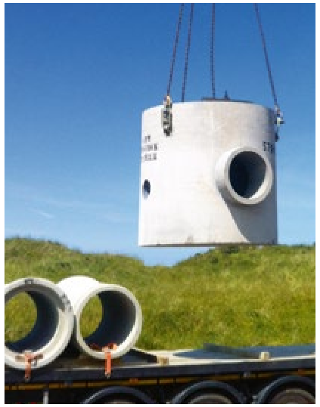
Net-zero
by 2050

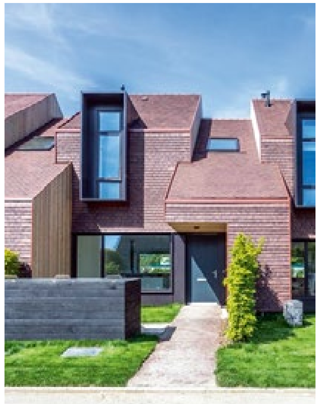
Our Strategy continued

Delivering our strategy

Our 'Transform & Grow' strategy requires each part of our business to deliver against core strategic imperatives.

BRAND POWERHOUSES | **GROWTH ENGINES**





Marshalls Landscaping	Marley Roofing	Viridian Solar	Marshalls Water Management	Marshalls Bricks & Masonry	Marshalls Mortars & Screeds and Aggregates

Group centres of excellence
HR, Technical, Legal, IT, Procurement, ESG, Health & Safety BU partners, Shared Services

Group corporate
Execution of overall strategy and performance, effective resource prioritisation and realising synergies

BUSINESS UNIT STRATEGIC IMPERATIVES

Marshalls Landscaping	Marley Roofing	Viridian Solar	Marshalls Water Management	Marshalls Bricks & Masonry	Marshalls Mortars & Screeds and Aggregates
Drive greater value from distinctive national specification pull model.	Strengthen roofing heartlands and drive share in adjacencies.	Leverage energy transition tailwinds to accelerate growth.	Reposition to access growth and market headroom in water infrastructure.	Accelerate concrete adoption as low-carbon alternative.	Growth in line with wider construction market.

Our Markets

Operating in diverse markets

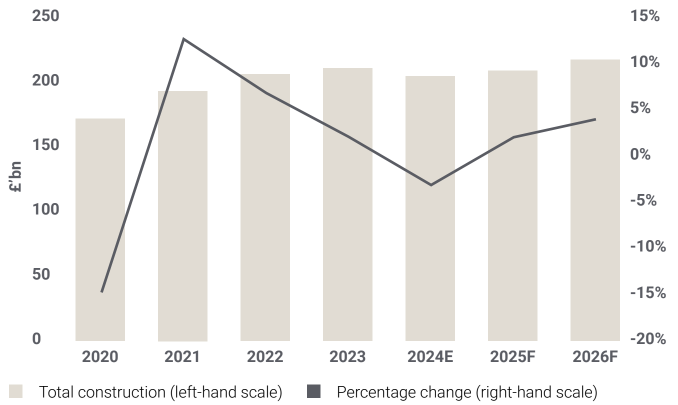
Our end markets continued to be weak in 2024, but our near-term growth tailwinds are positive

In recent years, the Group has expanded its offering, through both acquisitions and organically, establishing a strong brand presence in landscaping, roofing, water management and bricks. Our recently unveiled 'Transform & Grow' strategy will build on this at pace and further diversify our sector exposure across new build housing, housing RMI, infrastructure, commercial projects. Not only does sector diversification offer protection against market fluctuations, it also enables the Group to capitalise on opportunities arising from demand growth, investment and regulatory tailwinds. Moreover, it will ensure that we will not be reliant on any operating segment.

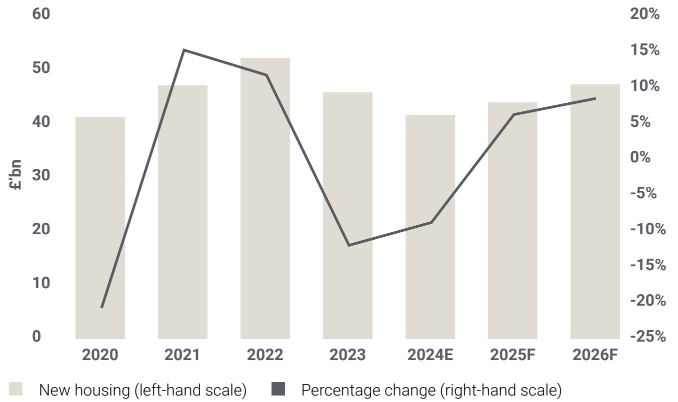
The Group supplies products to the UK construction market with approximately 45 per cent of revenues generated from new housing and around 25 per cent from housing repair, maintenance and improvement ("RMI") with the remaining revenues coming from commercial & infrastructure end markets. According to the Construction Products Association ("CPA") Winter Forecast for 2024/2025, the UK construction market contracted by 2.9 per cent in 2024 with new housing declining at the faster rate of 9.1 per cent. Housing RMI contracted at a similar rate as the wider construction market, while commercial & infrastructure saw a more modest year-on-year decline. This weakness impacted all our reporting segments during 2024, especially Landscaping, which is more exposed-to the discretionary end of housing RMI. This market weakness also resulted in a challenging pricing environment due to a shift in supply and demand dynamics and it was not possible to recover all input cost inflation that impacted our businesses.

The CPA forecasts growth of 2.1 per cent in 2025, with faster year-on-year growth in the key end markets of new housing and housing RMI of 5.1 per cent and 2.8 per cent, respectively. This outlook reflects the recent reductions in Bank of England base rates and the expectation that this will feed into lower mortgage rates, alongside improved consumer confidence, supported by real wage growth. In addition, increases in public sector investment in infrastructure are expected to support growth in demand for construction products serving these markets. The CPA is also forecasting that the rate of growth will accelerate in 2026 to 4.0 per cent with a further increase in-new housing of 7.6 per cent.

CPA forecast – Total UK construction



CPA forecast – New housing



Near-term growth tailwinds

New housing
- Ambition to build 1.5 million new homes in this parliament
- Equals 8–9 per cent per annum increase in net new housing
- New housing accounts for 45% of our market exposure

Water infrastructure
- Investment in the AMP8 cycle is estimated to be 50 per cent higher than AMP7
- 3x growth in water infrastructure investment, including surface water management and wastewater drainage

Energy transition
- Part L is driving adoption of solar
- Future Homes Standard accelerates transition to low-carbon energy
- Warm Homes Fund and Public Sector Decarbonisation Scheme
- Investment in ageing housing stock

Commercial & Infrastructure
- Government's capital investment increased to £131 billion in 2025–26
- Rail and road transport networks
- New towns linked to housebuilding
- Clean energy focus

Our Markets continued

Long-term market trends

We operate in markets exposed to long-term growth drivers associated with climate change.

Low-carbon solutions

The UK is driving towards its net-zero carbon target to tackle climate change and reduce greenhouse gas emissions and embodied carbon in the built environment.

Our supply chain and energy teams have worked to procure "green" renewable electricity contracts across the majority of our sites.

Our national network of sites allows for the lowest-carbon delivery phase in EPDs (A4).

Opportunity for Marshalls

Innovative Tri-blend mix technology with up to 60 per cent less cement than traditional mix designs. Pioneering carbon cure technology in bricks and cement-free technology in our drainage products.

Our market leading capability

Ongoing and active energy management system across all sites to reduce consumption and increase efficiencies wherever possible.

With over 60 years of experience, Marshalls Bricks & Masonry leads the way in the manufacturing of lower-carbon bricks and walling solutions. Marshalls Bricks & Masonry is the UK's leading concrete bricks producer with significant market penetration potential in the total brick market.

We have ongoing and innovative low-carbon collaborations with our current supply chain partners but are also looking, through horizon scanning, to work with innovative start ups on the next technologies in carbon reduction.

Green urbanisation

There is an urgent need for green urban spaces that tackle the challenges of increasing urbanisation through surface water drainage, greater biodiversity and greater resilience in the built environment.

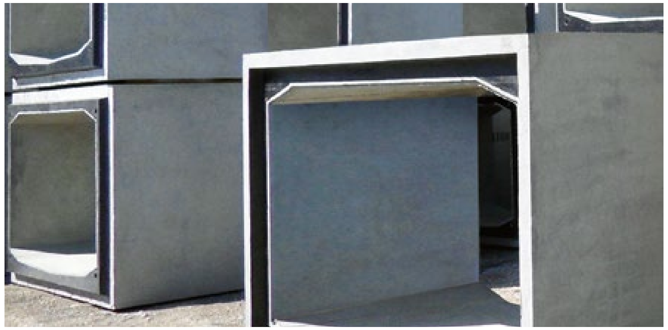
Opportunity for Marshalls

This is an area of increasing focus for Marshalls Landscaping and one where we will look to drive market share growth.

Our market leading capability

Marshalls Landscaping has an enviable number one market leadership position based on 100+ years of expertise and innovative solutions. The business has unrivalled material R&D and innovation and expert support through its "Design and Build" programme, alongside the dedicated "Design Spaces" for clients, architects and designers.

Aligned to the long-term trends around water management and green urbanisation, Marshalls' new EDENKERB® is the industry's first off-the-shelf raingarden kerb system, creating an easy way to develop sustainable, biodiverse raingardens to mitigate increasing flood risks. There is increasing demand for raingardens due to their dual-benefits of a flood management system that doubles up as an attractive, biodiverse feature, using plants and soil to retain and slow the flow of rainwater from surrounding hard surfaces.



Water management and drainage

The need for increased water management and drainage is ever more important as we experience more frequent severe weather events that often overwhelm an ageing infrastructure in UK towns and cities.

Opportunity for Marshalls

There is an opportunity for Marshalls Water Management to expand its offer in the infrastructure market and building on market penetration potential in the water sector.

Our market leading capability

Marshalls Water Management has a leading market position in the residential sector with attractive growth opportunities in the infrastructure sector. Marshalls Water Management is the only UK manufacturer to offer an end-to-end integrated water management solution and is an industry leader in concrete technology, all supported by a well invested nationwide operations network.

Business Model

Unlocking our potential

Our business model underpins our strategic goal and purpose.

UNIQUE CAPABILITIES

Best in class technical and design support
Technical know-how and understanding of the building standards of today and tomorrow provides unrivalled expertise for customers.

Leading brands
Market leading brands and solutions consistently recognised for their quality, range and service.

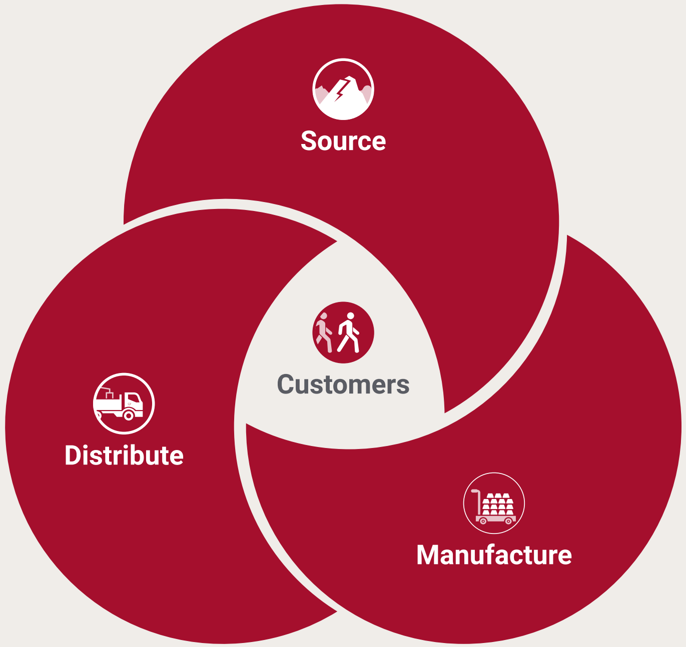
Carbon leadership
Commitment to materials innovation and a nationwide network supports lower-carbon supplier of choice.

OUR BUSINESS

Source
Our main raw materials are cement, sand, aggregates and pigments – the majority of which are UK sourced. We also source goods for resale from overseas locations, which principally relates to solar solutions and imported dimensional stone, and we maintain dedicated human rights due diligence.

Manufacture
We have a geographically diverse network of sites that manufacture our ranges of concrete, clay, timber and steel products. We add value through proprietary mix designs that remove carbon and cost.

Distribute
Our operations are part of a nationwide network and, therefore, manufacturing is relatively close to our customers. Distribution is outsourced to a leading operator.



Business excellence
Investing in technology and systems to drive our operational and commercial excellence.

Leadership in ESG governance
Commitment to leading in ESG standards and governance as a responsible business, guided by the UN Global Compact.

Great place to work
Investing in our people, organisation and culture.

OUTCOMES

Shareholders
Paid cumulative dividends of £227 million over the last decade

Customers
Enhanced customer experience through digital transformation, innovation driven products and a unique national service proposition

Suppliers
Partnerships to embed standards and deliver mutual value

Communities and environment
Pioneering low carbon solutions

Active engagement on modern slavery, diversity and climate change

Employees
People Strategy and plans aligned to 'Transform & Grow' priorities

Government and regulators
Leadership in responsible practices including Fair Tax and Living Wage

Key Performance Indicators

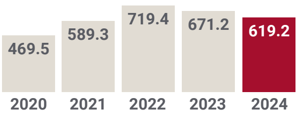
Measuring our performance

The Group's KPIs monitor progress towards the achievement of our objectives.

A. Revenue (£'m)

£619.2m

(down 8%)



Why is this KPI important?

Delivering sustainable growth is key to the Group's strategy. The aim is to outperform the wider UK construction market by 2–4 per cent per annum in the medium-term.

Performance

Market conditions have been challenging during 2024, which has resulted in an 8 per cent reduction.

Links to corporate pillars

Principal risks

- Competitor activity
- Macro-economic and political
- Security of raw material supply/raw material and labour shortages
- Threat from new technologies and business models

Risk mitigation

- Close monitoring of trends and lead indicators
- Diversity of business
- Customer centricity
- Digital strategy

Links to remuneration AI LTIP

Stakeholder linkage

- Customers
- Suppliers
- Employees
- Communities

B. Adjusted profit before tax (£'m)

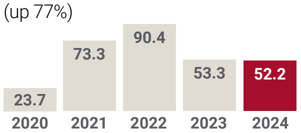
£52.2m

(down 2%)

C. Statutory PBT (£'m)

£39.4m

(up 77%)



Why is this KPI important?

Sustainable improvement in profitability is a strategic priority.

Performance

Profit has been adversely impacted by weak market demand, which resulted in lower volumes and weaker price realisation. This was partially offset by the benefits of cost and capacity reduction implemented in 2023.

Links to corporate pillars

Principal risks

- Competitor activity
- Macro-economic and political
- Cyber security risks
- Security of raw material supply/raw material and labour shortages
- Long-term impacts of climate change

Risk mitigation

- Innovation and new product development
- Focus on cyber security controls
- Proactive supply chain management

Links to remuneration AI LTIP

Stakeholder linkage

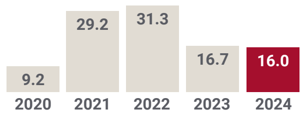
- Shareholders
- Employees

D. Adjusted EPS (pence)

16.0p

E. Statutory EPS (pence)

12.3p



Why is this KPI important?

Sustainable improvement in earnings per share ("EPS") is a strategic priority.

Performance

EPS has been adversely impacted by weaker operating profit and a higher effective tax charge partially offset by lower finance costs.

Links to corporate pillars

Principal risks

- Competitor activity
- Macro-economic and political
- Cyber security risks
- Security of raw material supply/raw material and labour shortages
- Long-term impacts of climate change

Risk mitigation

- Innovation and new product development
- Focus on cyber security controls
- Proactive supply chain management

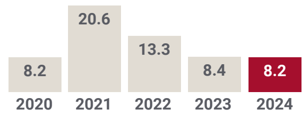
Links to remuneration AI LTIP

Stakeholder linkage

- Shareholders
- Government

F. Adjusted return on capital employed ("ROCE") (%)

8.2%



Why is this KPI important?

ROCE is an important indicator of the Group's ability to generate a return on the capital it deploys.

Performance

Adjusted ROCE for 2024 is 8.2 per cent (2023: 8.4 per cent) due to weaker profitability. ROCE is defined as EBITA/shareholders' funds plus net debt.

Links to corporate pillars

Principal risks

- Threat from new technologies and business models
- Macro-economic and political

Risk mitigation

- Digital transformation
- Operational excellence
- Flexible capital structure
- Capital allocation policy
- Active working capital management

Links to remuneration AI LTIP

Stakeholder linkage

- Shareholders
- Employees

Key Performance Indicators continued

Links to corporate pillars

- Shareholder value
- Sustainable profitability
- Relationship building
- Organic expansion
- Brand development
- Effective capital structure and control framework

Links to remuneration

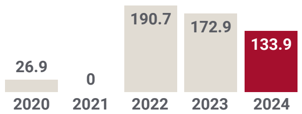
- AI Annual incentive award
- LTIP Long-term Incentive Plan

* Note for transparency: There has been a significant decrease in Scope 1 and 2 emissions in 2024 for the Marshalls business only. This is predominantly due to the move of our logistics function to Wincanton part way through the year. We estimate this would be a 14 per cent reduction based on like-for-like (estimated 27,916 tonnes CO_2e).

** 2024 health and safety performance is for the enlarged Marshalls Group and cannot be directly compared to previous years.

G. Pre-IFRS 16 net debt (£'m)

£133.9m



Why is this KPI important?

Marshalls continues to support a prudent capital structure and is focused on reducing net debt in the medium term.

Performance

Pre-IFRS 16 net debt was £133.9 million, a reduction of £39.0 million reflecting cash generation and management focus on cash management. Leverage is within the Group's target range at December 2024.

Links to corporate pillars

Principal risks

- Macro-economic and political
- Security of raw material supply/raw material and labour shortages

Risk mitigation

- Close monitoring of trends and lead indicators
- Diversity of business
- Efficient cash and capital management

Links to remuneration AI LTIP

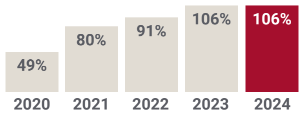
Stakeholder linkage

- Shareholders
- Employees
- Customers
- Suppliers

H. Adjusted operating cash flow conversion ("OCF") (%)

106%

OCF:EBITDA (rolling annual basis)



Why is this KPI important?

The conversion of profit to cash is key to our 'Transform & Grow' strategy and feeds our capital allocation policy.

Performance

Adjusted operating cash flow was 106 per cent of EBITDA, reflecting strong working capital management.

Links to corporate pillars

Principal risks

- Macro-economic and political
- Security of raw material supply/raw material and labour shortage

Risk mitigation

- Excellent customer service and quality
- Customer relationships and brand value
- Working capital management

Links to remuneration AI LTIP

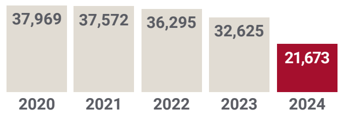
Stakeholder linkage

- Shareholders
- Customers
- Suppliers

I. Climate change (excluding Marley) (%)

34%

(actual) decrease in absolute carbon emissions in 2024/14% (like-for-like)*



Why is this KPI important?

The achievement of our carbon reduction targets is central to our commitment to our ESG strategy and carbon leadership.

Performance

Our absolute Scope 1 and 2 emissions have decreased by 34 per cent in 2024. Absolute emissions remain well within our science-based target pathway for the Marshalls business only. Our new approved science-based targets for the Group, now including Marley, will be reported against next year.

Links to corporate pillars

Principal risks

- Long-term impacts of climate change

Risk mitigation

- Climate site risk analysis
- Market price increases
- Mitigation and adaptation strategy

Links to remuneration AI LTIP

Stakeholder linkage

- Shareholders
- Employees
- Customers
- Suppliers
- Environment
- Regulators

J. Health and safety (lost time incident frequency rate)

2.34

compared with the target benchmark of 2.99**

Why is this KPI important?

Marshalls is committed to meeting the highest health and safety standards.

Performance

In 2024 the lost time incident frequency rate per million hours worked was 2.34. As part of our integration plan, we are now reporting health and safety data for the entire Marshalls Group.

Links to corporate pillars

Principal risks

- Health and safety
- People risks

Risk mitigation

- Embedded culture – The Marshalls Way
- Compliance procedures and policies
- Employee training

Links to remuneration AI LTIP

Stakeholder linkage

- Employees
- Customers
- Communities
- Environment

Summary of Group Performance

Resilient Group performance in challenging market conditions

The Group delivered a resilient performance in challenging market conditions, with the impact partially mitigated by decisive management actions taken in 2023 and the benefit of its diversification strategy. The Group's adjusted results are set out in the following table.

£'m	2024	2023	Change (%)
Revenue	619.2	671.2	(8%)
Adjusted net operating costs	(552.5)	(600.5)	8%
Adjusted operating profit	66.7	70.7	(6%)
Adjusted net finance expenses	(14.5)	(17.4)	17%
Adjusted profit before taxation	52.2	53.3	(2%)
Adjusted taxation	(11.7)	(11.2)	(4%)
Adjusted profit after taxation	40.5	42.1	(4%)
Adjusted EPS – pence	16.0p	16.7p	(4%)
Proposed full-year dividend – pence	8.0p	8.3p	(4%)

Group revenue was £619.2 million (2023: £671.2 million), which is eight per cent lower than 2023. The key driver of the reduction was Landscaping Products, which reported a 17 per cent reduction, with a progressive improvement during the second half of the year. Roofing Products delivered four per cent growth, with a strong second-half performance and Building Products contracted year-on-year by three per cent and was flat in the second half. Group adjusted operating profit was £66.7 million, which is six per cent lower than 2023, reflecting the impact of lower volumes and weaker price over cost realisation. This was partially offset by the benefit of cost savings from restructuring activity implemented in 2023 and improved manufacturing efficiency. Group adjusted operating margin increased by 0.3 ppts to 10.8 per cent (2023: 10.5 per cent). The adjusted operating profit is analysed between the Group's reporting segments as follows:

£'m	2024	2023	Change (%)
Landscaping Products	10.7	21.3	(50%)
Building Products	14.1	12.2	16%
Roofing Products	49.4	44.9	10%
Central costs	(7.5)	(7.7)	3%
Adjusted operating profit	66.7	70.7	(6%)

Further details of the segmental performance are set out on pages 21 to 23.

Net finance expenses were £14.5 million (2023: £18.8 million and £17.4 million after deducting adjusting items). These expenses comprised financing costs associated with the Group's bank borrowings of £12.5 million (2023: £14.7 million), IFRS 16 lease interest of £1.7 million (2023: £2.5 million) and a pension related charge of £0.3 million (2023: £1.6 million and £0.2 million after deducting adjusting items). The reduction in adjusted net finance expenses in 2024 reflects the impact of the lower-drawn borrowings and the derecognition of HGV leases under the logistics outsourcing arrangements entered into in the first half of the year.

Adjusted profit before tax was £52.2 million (2023: £53.3 million). The adjusted effective tax rate was 22 per cent (2023: 21 per cent), reflecting the increase in the UK headline corporation tax rate partially offset by the benefit of a patent box arrangement. Adjusted earnings per share was 16.0 pence (2023: 16.7 pence), which is a four per cent reduction year-on-year reflecting the weaker profitability and higher effective tax rate.

A reconciliation of the Group's adjusted operating profit to profit before taxation is set out in the following table.

£'m	2024	2023	Change (%)
Adjusted operating profit	66.7	70.7	(6%)
Adjusting items	(12.8)	(29.7)	57%
Operating profit	53.9	41.0	31%
Net finance expenses	(14.5)	(18.8)	23%
Profit before taxation	39.4	22.2	77%
EPS – pence	12.3	7.4	66%

Reported profit before tax was £12.8 million lower than the adjusted result at £39.4 million (2023: £22.2 million), reflecting the impact of the adjusting items. On a reported basis, the effective tax rate is 21 per cent. Reported earnings per share was 12.3 pence (2023: 7.4 pence), which is lower than the adjusted number due to the adjusting items and their tax effect. The statutory operating profit is stated inclusive of adjusting items totalling £12.8 million as summarised in the following table; further details are set out on page 51.

£'m	2024	2023
Amortisation of intangible assets arising on acquisitions	10.4	10.4
Impairment charges, restructuring and similar costs	–	18.3
Transformation costs	2.5	–
Significant property sales	(1.7)	–
Contingent consideration	1.6	1.6
Disposal of Marshalls NV	–	(0.6)
Adjusting items within operating profit	12.8	29.7
Adjusting items within net finance expenses	–	1.4
Adjusting items within profit before taxation	12.8	31.1

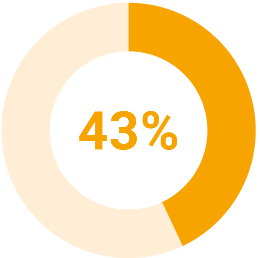
Adjusting items in 2024 principally comprise the non-cash amortisation of intangible assets arising on the acquisition of subsidiary undertakings of £10.4 million (2023: £10.4 million). Transformation costs represent costs incurred in respect of the 'Transform & Grow' strategy. The contingent consideration charge of £1.6 million reflects the Directors' expectation for the final contingent consideration payment in respect of Viridian Solar based on the strong performance of that business. This was partially offset by a profit of £1.7 million generated on the disposal of a former manufacturing site. Details of the adjusting items arising in 2023 are set out on page 132.

Segmental Review

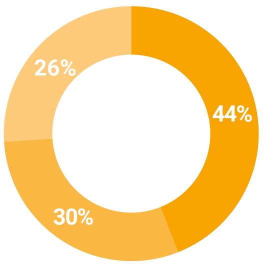
Landscaping Products

Key Strategic imperative: Drive greater value from distinctive national specification pull model

% share of Group revenue



% revenue by end market



- Commercial & Infrastructure
- New Housing
- Housing RMI

Landscaping Products derives 44 per cent of its revenues from commercial & infrastructure, 30 per cent from new housing and 26 per cent from housing RMI. Revenues generated from all end markets contracted during the year with demand being particularly weak in new housing and housing RMI and some loss in market share. Revenue contraction of 17 per cent arose from a combination of lower volumes, pricing pressure in the market and the disposal of the Group's former Belgian subsidiary.

	2024 £'m	2023 £'m	Change %
Revenue	**268.3**	321.5	(17%)
Segment operating profit	**10.7**	21.3	(50%)
Segment operating margin %	**4.0%**	6.6%	(2.6ppts)

Segment operating profit reduced by £10.6 million to £10.7 million. This was driven by the combined effect of lower volumes on gross profit, weaker price over cost realisation, and a reduction in the operational efficiency of the manufacturing network due to lower production volumes. This was partially offset by the benefit of cost savings of around £5 million arising from the decisive action taken in 2023 to reduce capacity to align to market demand and simplify operating structures. The fall in volumes together with the impact of weaker trading margins resulted in segment operating margins reducing by 2.6 ppts to 4.0 ppts.

Re-energising the core elements of our historical success and winning model

This business has underperformed and we have taken steps to improve its commercial, operational and financial performance. The restructuring action taken in 2023 was primarily centred on cost base reductions and resulted in a commercial organisational structure that was unable to deliver our national specification driven model in an effective way. Having identified the core issues, we implemented a comprehensive improvement plan in June 2024 focused on:

- Strengthening leadership and realigning the organisation
- Developing commercial and operational excellence capabilities
- Portfolio simplification and operational efficiency
- Building long-term strategic customer and supplier partnerships

These actions are gaining traction and have resulted in a slowing in the rate of revenue contraction in the second half of 2024. We are confident that this plan will deliver a return to revenue growth during 2025 and a progressive and significant improvement in profitability from 2026.

Marshalls Landscaping

Drive greater value from the distinctive national specification pull model

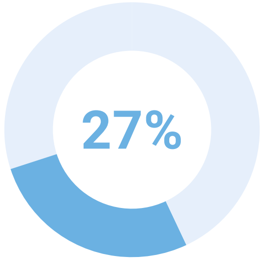
This business has an enviable market leadership position with a balanced exposure to end markets and is supported by a well invested national manufacturing network. Our strategy is focused on reinforcing our strong leadership position in our commercial heartlands, driving share in higher-margin commercial segments where there is headroom for growth, and strengthening our proposition and driving share in residential segments. This strategy will build on the near-term performance improvement plans that will reinforce our winning model: clear focus on securing specification, building long-term customer partnerships, reinvigorating our market leading product portfolio and optimising the efficiency of our nationwide manufacturing network. The business is targeting revenue outperformance of the wider market by between one and three per cent a year over the medium term.

Segmental Review continued

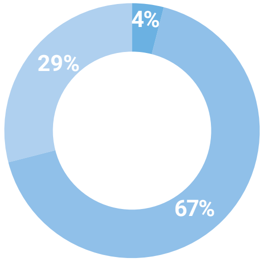
Building Products

Key Strategic imperatives: Water Management: Reposition to access growth and market headroom in water infrastructure
Bricks: Accelerate concrete adoption as lower-carbon alternative

% share of Group revenue



% revenue by end market



Building Products comprises the Group's Water Management, Bricks & Masonry, Mortars & Screeds and Aggregates businesses. It generates around 67 per cent of its revenues from new housing, around 4 per cent from commercial & infrastructure, with the balance being derived from housing RMI. Revenue reduced by three per cent to £164.6 million driven by continued weakness in new housing, with the second half performance being flat year-on-year. Water Management revenue was flat year-on-year, with growing volumes to commercial & infrastructure end markets offsetting contraction in new housing. Revenue generated from our Bricks & Mortars business units contracted year-on-year but returned to modest growth in the second half of the year, which indicates some improvement in new housing activity levels.

	2024 £'m	2023 £'m	Change %
Revenue	**164.6**	170.1	(3%)
Segment operating profit	**14.1**	12.2	16%
Segment operating margin %	**8.6%**	7.2%	1.4ppts

Segment operating profit increased by £1.9 million to £14.1 million, with a much-improved result in the second half of the year. This profit growth was driven by improved operational efficiency in Bricks & Masonry and Mortars & Screeds, together with the benefit of actions taken in 2023 that reduced the cost base by around £1.7 million. This was partially offset by lower gross profit that resulted from weaker volumes in the first half of the year. Segment operating margin increased by 1.4 ppts to 8.6 per cent reflecting the impact of improved manufacturing efficiency.

Marshalls Water Management

Reposition to access growth and market headroom in water infrastructure

The business has a leading market position in residential wastewater and surface water drainage with a nationwide operations network. It has a significant opportunity to expand its customer base in the infrastructure market, whilst building market penetration potential in the water sector where investment under the AMP8 cycle is expected to increase by 50 per cent. The business will achieve market penetration in the wastewater infrastructure market and meet the needs to housebuilders for quality water management solutions. It will deliver this through building the Marshalls brand in the wastewater marketplace, invest in strategic marketing to specifiers and invest in capacity and product extension. The business is targeting revenue outperformance of the wider market by between four and six per cent a year.

Marshalls Bricks & Masonry

Accelerate concrete adoption as lower-carbon alternative

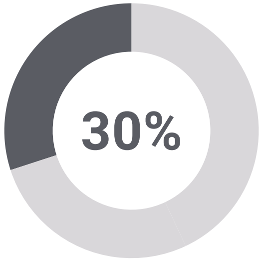
This business is the market leader in lower carbon concrete bricks and has a wide product range and nationwide coverage. It principally supplies its products into new housing and has significant opportunity to increase its market share alongside a cyclical recovery in housebuilding. The business will target increased penetration of facing bricks into national housebuilders in new regions and further grow its share through a targeted approach to regional housebuilders. It will deliver this through brand investment, strategic marketing, new product development, increased sales resource and investment in the conversion of existing assets to manufacture concrete bricks. The business is targeting revenue outperformance of the wider market by between eight and 12 per cent a year.

Segmental Review continued

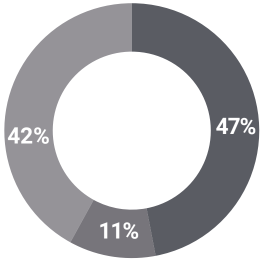
Roofing Products

Key Strategic imperatives: Marley Roofing: Strengthen roofing heartlands and drive share in adjacencies
Viridian solar: Leverage energy transition tailwinds to accelerate growth

% share of Group revenue



% revenue by end market



Roofing Products comprises pitched roofing products and accessories and roof integrated solar. Approximately 11 per cent of revenues in this segment are generated from new housing and around 42 per cent from housing RMI, with the balance generated from commercial & infrastructure end markets. Revenue in 2024 increased by four per cent for the year as a whole to £186.3 million, with growth of 13 per cent in the second half of the year. The improved second half performance was driven principally by Viridian Solar, which delivered revenue growth of over 70 per cent during this period, alongside a return to revenue growth from Marley. Viridian Solar revenues grew as its market leading products continued to be chosen by housebuilders as part of their response to changes in building regulations in England and Wales that require new housing to achieve higher levels of energy efficiency.

	2024 £'m	2023 £'m	Change %
Revenue	**186.3**	179.6	4%
Segment operating profit	**49.4**	44.9	10%
Segment operating margin %	**26.5%**	25.0%	1.5ppts

Segment operating profit was £49.4 million, which was £4.5 million higher than 2023. This increase was driven by a strong performance from Viridian Solar, which delivered significant revenue growth in the second half of the year alongside a disciplined approach to price realisation. Marley profitability remained robust during the year, benefitting from a return to volume growth in the second half of the year and strong cost management. Segment operating margin was very strong at 26.5 per cent, representing a year-on-year increase of 1.5 ppts.

Marley Roofing

Strengthen roofing heartlands and drive share in adjacencies

Marley is the market leader in pitched roofing. It has a balanced end market exposure with a particular strength in social housing RMI and is supported by a nationwide operations network. Strategies are being deployed to optimise profit in its social housing heartland, drive market share in the larger private housing RMI sector and leverage its unique full roof offer to increase market share in private new housing. It will deliver this through building on its brand position, investing in specification selling and quality differentiation, supporting relationship building with roofing contractors, and leveraging the solar roof system to meet housebuilder and public sector housing needs. The business is targeting revenue outperformance of the wider market by between one and two per cent a year.

Viridian Solar

Leverage energy transition tailwinds to accelerate growth

Viridian Solar is the market leader in integrated solar for pitched roofs and principally supplies its products into new housing. Its products are widely considered to be the best in class and customers value its market leading wrap around service and its leadership in ESG. It is exposed to a significant regulatory tailwind (part L of the Building Regulations) that is resulting in take-up of solar PV in new housing, which is expected to increase the penetration of solar in England and Wales from around 10 per cent to around 80 per cent. The business is targeting to hold significant market share, whilst the market size increases alongside increasing sales of its innovative product range. The business is targeting revenue outperformance of the wider market by between eight and twelve per cent a year.

Our Section 172(1) Statement

Our Section 172(1) Statement

The Board of Directors of the Company considers that it, both individually and collectively, has acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole in the key decisions it has taken during the year ended 31 December 2024.

Pages 29 and 30 provide details of who our stakeholders are and how the Board and the business engage with them, and examples of the influence this has on our strategy, day-to-day business management and the way the Board makes decisions.

The Board directly engages with our employees and shareholders throughout the year. This is through well-established mechanisms for engagement, details of which are set out on pages 29 to 31. The Board occasionally engages directly with customers on site visits but, in general, its engagement with our other stakeholders is mainly indirect. The Executive Directors ensure the Board is kept fully informed of any material issues with other stakeholders and how we consider their interests in our operation of the business and in the decisions we make.

The Board also receives presentations and reports from senior management as part of updates on how the business is progressing with its strategic priorities and these include stakeholder considerations.

It is through this combination of direct and indirect engagement that the Board is able to fulfil its Section 172(1) duties and ensures decision making is driven by a balanced consideration of what makes us successful and resilient in the short term and sustainable in the long term.

Although there are established parameters for decisions that the Board needs to approve, the business engages openly and transparently with the Board, to ensure that key decisions that are technically outside these established parameters have the benefit of the Board's knowledge and experience.

In taking key decisions, the Directors of the Company considered the factors specified in Section 172(1) of the Companies Act 2006 (the "Act") including:

S172	Relevant disclosure	Reference
The likely long-term impact of any decisions	The Board sets the Group's purpose and strategy and ensures they are aligned with our culture and look to the future so that we are Building Tomorrow's World by creating Better Products, a Better Workplace and a Better World.	Pages 13, 14 and 69
	The annual strategic review conducted by the Board and the senior management team, along with the launch of our 'Transform & Grow' strategy in November 2024, demonstrates the need to ensure we have flexibility in our strategy to balance long-term goals driving our purpose of Building Tomorrow's World, with more immediate challenges driven by challenging market conditions. The agility this enables underpins the Group's future success, given the cyclical nature of the sector, but does not detract from the Board assessing the stakeholder impact of the decisions it takes.	Pages 13 and 14
	The Board's risk management procedures identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders. Consideration of risk is integral to, and not separate from, all business decisions.	Pages 54 to 64
	The Board has adopted a clear capital allocation policy, that recognises the guiding principles of security, flexibility and efficiency. Investing in organic growth opportunities, as part of our 'Transform & Grow' strategy, and investments that drive our competitive advantage, focused on leading brands, best-in-class technical and design support and carbon leadership, underpin the long-term sustainability of the Group. Whilst we will continue on our path to reduce leverage within our target range, we will also consider bolt-on M&A opportunities which support our strategic goals, demonstrating the importance of agility and flexibility in the Board's decision making.	Page 53

Our Section 172(1) Statement continued

S172	Relevant disclosure	Reference
The interests of the Company's employees	Our strategy is underpinned by our people, organisation and culture and we are committed to investing in these as we 'Transform & Grow'. The Marshalls Way guides the investments we make that develop our talent, drive colleague engagement and build a high-performance culture.	Page 34
	Health, safety and wellbeing within our operations is our top priority, with this being a standing item on the agenda at every scheduled Board meeting, in addition to an annual review by the Board. Our goal is continuous improvement, with the achievement of annual health and safety targets being linked to the remuneration of our Executive Directors and our senior management team.	Page 36
	The Board monitors culture through our engagement mechanisms, including our EVG which, in addition to being attended by our designated Director for employee engagement, Angela Bromfield, is regularly attended by other Board and senior management team members. The EVG has gone from strength to strength as an effective and representative colleague engagement forum. It ensures the Board understands how the decisions it makes impact our colleagues and our culture.	Page 34
	Certain members of our senior management team present the results of our employee engagement survey to the Board, together with details of the actions being taken to address the feedback received.	Page 34
	Angela Bromfield (our designated Director for employee engagement) and other members of the Board and senior management team engage with colleagues through a number of mechanisms, including the EVG, site visits, mentoring and in relation to specific subject areas where they have relevant knowledge and/or experience.	Pages 30 and 34
The need to foster the Company's business relationships with suppliers, customers and others	Working with customers who value our unique set of capabilities is core to our strategy. Nurturing customer relationships by understanding what drives choice requires purposeful relationship management that is a feature of our success to date. Providing best-in-class technical and design support and driving carbon leadership in our product solutions in a cost-effective way requires strong supplier relationships that have been built over a number of years, but also the flexibility to introduce new relationships, like Wincanton, to whom we outsourced a large part of our logistics requirements in 2024, and with whom we hope to build a long-term partnership.	Pages 13 to 16
	Our resilient performance in challenging market conditions during 2024, required regular engagement with our customers and suppliers. Sector-wide pressure to maintain cost discipline during the current market cycle has reinforced the importance of keeping close to our customers and suppliers to drive short-term performance and retain flexibility to continue to invest in building long-term relationships.	Page 29
	The Group's strategy is centred on customers who value our unique set of capabilities, with our leading brands, carbon leadership and best-in-class technical and design support driving this. Operating sustainably and ethically, showing sector leadership, are key to achieving this.	Pages 13 and 17

Our Section 172(1) Statement continued

S172	Relevant disclosure	Reference
The impact of the Company's operations on the communities in which it operates and the environment	Our sustainability journey began more than 20 years ago and continues to evolve. Our ESG strategy pillars, "Better Product, Better Workplace and Better World" drive our choices and decisions.	Pages 32 to 42
	Our ESG Board Committee was established in October 2023 to oversee the implementation of our ESG strategy, which is driven by our ESG Steering Committee. The Chair, with other Board members and the Chief Legal Officer, engages annually with shareholders through meetings with shareholder governance teams, most recently in early 2025. Our Chief Legal Officer has responsibility for ESG on a day-to-day basis, with the Board committed to providing challenge and support.	Pages 32 to 42
	Further details of how our ESG strategy and its implementation are governed, measured and controlled are set out on page 72.	Page 72
	We have an established materiality matrix based on stakeholder engagement, the SASB Standards for Construction and the UN SDGs. This supports prioritisation within our ESG programme and was reviewed during 2024.	See the Group's Sustainability Report at www.marshalls.co.uk/sustainability/document-library
The regulatory implications of any decisions	Board decisions are taken with the benefit of prior consideration by experienced, well-established, specialist functional teams and with the guidance of the Chief Legal Officer and Company Secretary. Where more specialist advice is required, the Board seeks guidance from its professional advisers.	Page 80
The importance of the Company maintaining a reputation for high standards of business conduct	The Marshalls Way defines our culture and, together with our purpose of "Building Tomorrow's World", drives all our decision making.	Page 27
	Our prioritisation of business-wide enterprise excellence, leadership in ESG governance and standards and of our people organisation and culture underpin our purpose and our strategy, which are, in turn, powered by our ESG commitments and pillars: Better Product, Better Workplace, Better World.	Pages 32 to 49
	Our strategic objectives underpin our purpose and strategy.	Pages 13 and 14
The need to act fairly as between members of the Company	The Executive Directors engage with shareholders following the publication of our interim and final results (and periodically throughout the year) and the Board receives detailed, real-time investor and market feedback from the Executive Directors, our brokers and our PR advisers.	Pages 28 to 31
	The Chair, the Senior Independent Director (who is also Chair of the Audit Committee) and the Chief Legal Officer met with some of our key shareholders in early 2025, as part of our annual programme of meetings with shareholder governance teams to ensure their views are reflected in how we make decisions, operate our business and evolve our strategy.	Pages 76 and 77
	Our 2024 AGM provided shareholders the opportunity to ask questions and vote in real time to ensure maximum engagement opportunity.	Page 112
	Equality of rights attaching to members ensures we meet the obligation to act fairly between them.	Page 111 and 112

Stakeholder Engagement

Our stakeholders

To 'Transform & Grow' we need a balanced approach

The Marshalls Way

Key
What we do
How we benefit

Shareholders
Communication and dialogue build confidence in our purpose and strategy with investors

- What we do: We generate value through sustainable growth
- How we benefit: Investment, strategic guidance and stewardship

Customers
Engaging with our customers drives specification of our innovative product solutions for the built environment

- What we do: We deliver valuable product solutions
- How we benefit: Customer loyalty, brand preference and profitable sales

Colleagues
Our two-way dialogue helps Marshalls attract, develop and retain talented people who will help us achieve our purpose and strategy

- What we do: A stretching, exciting, supportive and inclusive working environment
- How we benefit: Diverse, talented, engaged and productive colleagues

Our purpose: Building Tomorrow's World
Our strategic goal: To 'Transform & Grow' with customers who value our unique set of capabilities

Suppliers
Dynamic dialogue has built a strong supportive supplier base which supports our purpose and which shares in our success

- What we do: We treat suppliers fairly, building long-term relationships
- How we benefit: High-quality goods and services resulting in products our customers love and specify

Communities and the environment
We have open and honest dialogue, sharing our goals and progress in Building Tomorrow's World

- What we do: We act in support of the commitments we make to doing business responsibly
- How we benefit: We see the business through the lenses of others

Government and regulatory bodies
We engage to build confidence in how we operate and to support our continuous improvement

- What we do: We share knowledge and sector-specific expertise
- How we benefit: Government policy, regulatory frameworks and recognition

We do the right things, for the right reasons, in the right way

How we engaged

Our purpose of Building Tomorrow's World and our 'Transform & Grow' strategy are best served through active engagement with all our key internal and external stakeholders.

Links to corporate pillars

- Shareholder value
- Sustainable profitability
- Relationship building
- Organic expansion
- Brand development
- Effective capital structure and control framework

Marshalls' stakeholder relationships

We know that the way we run the business and make decisions in support of our purpose and strategy are not standalone activities. The way we choose to operate can impact a variety of different internal and external stakeholders that may have an interest in what we do and how we do it. Identifying these stakeholders is key to how we manage our interactions, in order to engage both positively and constructively.

At the heart of our stakeholder relationships is an open and transparent two-way communication process, which builds trust and confidence. In the long term, this strengthens our brand, drives loyalty and generates value for all stakeholders, whether by operating in a more sustainable way, reducing our impact on the environment or supporting the business with long-term capital investment that drives our growth and shareholder value.

In refreshing our strategy in 2024, we engaged with many different stakeholders to ensure our strategic objectives resonate with, and consider the needs and interests of, the customers, colleagues, suppliers and communities we work with. The result is our 'Transform & Grow' strategy, which puts customers front and centre and is underpinned by our people, organisation and culture.

2024 in focus

Delivering our 'Transform & Grow' strategy requires strong governance at Board level, and throughout the Group.

The Group's resilience in recent years demonstrates the Board and management's ability to make difficult decisions in the interests of the long-term sustainability of the Group.

As we look to the future, our governance structures will guide us in seeking to take advantage of the diversified portfolio of businesses that we have worked hard to create.

Market conditions remained challenging throughout 2024, and although short-term performance management and cost discipline remained vital, the Board took the opportunity during 2024 to invest its time challenging and supporting a comprehensive "root and branch" review of the Group's strategy led by our Chief Executive, Matt Pullen.

At all times, our decision making has regard to the interests of our stakeholders. This is ingrained within our governance processes, both at Board level and within our businesses. This balanced approach is what we need to 'Transform & Grow'.

Section 172(1) of the Act sits at the top of the Board's agenda and is considered as part of the Board decision making process.

The Board prioritises the health and wellbeing of our colleagues and the safety of our operations. This guides everything we do.

Our commitment to leadership in ESG governance and standards (pages 91 and 92) drives our reputation, our brand and our ability to attract and retain talented people.

Although 2024 has been another tough year, the strategic review has evidenced the inherent strength within the Group's businesses and its purpose. Whilst our people and culture have been tested, the development of the 'Transform & Grow' strategy demonstrates our strength and resolve in that our people were the architects, completing the work that supported the review whilst managing their day-to-day responsibilities.

The Board firmly believes that the decisions made during 2024 had regard to the interests of all relevant stakeholders and The Marshalls Way.

The fulfilment of the Board's duty under Section 172(1) sits alongside its consideration of the Group's capital structure, its capital allocation policy, its internal control frameworks and its resilience to existing and emerging risks (pages 54 to 64), which have all been reviewed in light of the Group's resilient performance during 2024 and our refreshed strategy.

The Board continues to work closely with the Executive and senior management teams, providing the challenge and support that only come where there is transparency and trust.

Importantly, the Board members have all brought their knowledge and experience to bear in the key decisions taken by the Group during the year, ensuring our decisions are informed, thoughtful and balanced.

We have set out further details of how we engage with our key stakeholders on pages 29 and 30. Stakeholder considerations and outcomes for some of the key decisions made by the Board during 2024 are set out on page 31.

Stakeholder Engagement continued

How we engage

Shareholders

Business engagement
- AGM, Annual Report, trading updates and presentations
- Capital markets event
- Regular phone and video calls, face-to-face meetings, site visits and investor roadshows
- Investor relations website
- The Chief Commercial Officer and Chief Legal Officer engage on ESG and sustainability

Board engagement
- The Chair, SID and Chief Legal Officer held meetings with the corporate governance teams of shareholders in January 2025
- Through regular feedback to the Board by the Chief Executive, CFO, brokers and PR advisers, particularly following key reporting events, for example our half-year and full-year results
- The Chair and Diana Houghton attended our capital markets event last November, with the rest of the Board receiving feedback on the event
- Investor site visits
- Regular dialogue and correspondence (e.g. in relation to policy matters)
- At the Company's AGM

Links to corporate pillars

Suppliers

Business engagement
- Centralised Group procurement (with an integrated team across Marshalls and Marley) enables optimal buying power, risk management and strong relationships with all core suppliers
- Effective, regular and honest communication with suppliers, underpinned by a Code of Conduct, Procurement Policy and other core Marshalls' policies
- Procurement strategies determined by external market dynamics. These include transparent, formal and proportionate tenders and robust but fair negotiation processes
- Contracts agreed on mutually beneficial terms aligned to internal policies and all applicable laws
- Procurement decisions made on the basis of the delivery of total value. This considers (but is not limited to) the end-to-end supply chain including inbound and outbound logistics, materials, manufacturing processes and efficiency, network design, packaging, indirect costs, quality, service and ESG considerations
- Supply chain risk mapping processes and regular audits of the highest supply risks underpinned by a Supplier Relationship Management ("SRM") system
- In-person visits to certain key overseas suppliers in high-risk supply chains seeking assurance over the manufacturing environment from both a technical and ethical perspective and supported by an external auditor where necessary
- SRM system as a single source of all supplier data, increasing supply chain transparency
- Strategic partnerships with NGOs, governmental institutions, ethical regulators and charities

Board engagement
- The Chief Commercial Officer reports to the Board on our engagement and relationships with key suppliers
- Supply risk incorporated into biannual Group risk reviews
- Board approval of material new or renewed agreements with suppliers, underpinned by a clear delegation of authority policy and process
- Feedback reports on supply chain performance and compliance
- Annual consideration and approval of our Modern Slavery Statement and Group Sustainability Report
- Reports on ethical sourcing to the ESG Committee

Links to corporate pillars

Customers

Business engagement
- Extensive engagement, as part of our strategic review, including in support of customer segmentation review
- Our Chief Commercial Officer has re-engaged with all our major customers since his appointment during the year, ensuring we continue to reflect their needs in how we operate
- Engagement with a panel of our registered installers, seeking its feedback as we evolved and relaunched our installer scheme, ensuring it serves our mutual interests
- Our Chief Executive has met with key customers throughout the year, supporting the Chief Commercial Officer
- Customer engagement with our Momentum Team, building a deeper understanding of what drives purchasing decisions and loyalty
- Engagement as part of our website redesign, establishing a clear understanding of how we can maximise customer engagement with the channel
- Continue to seek quantitative and qualitative feedback from customers, with a programme of activity supporting improvement opportunities that drive long-term loyalty
- Service level agreements and quality standards in customer agreements
- Design and engineering support for specifying customers
- Training and sharing knowledge with customers, e.g. on our products and greenwashing

Board engagement
- Board receives regular updates on commercial performance and customer engagement from the Chief Commercial Officer
- Board has visibility of key customer performance indicators
- Participation in our strategic review which had customers at its heart

Links to corporate pillars

Stakeholder Engagement continued

How we engage continued

Colleagues

Business engagement

- The Employee Voice Group ("EVG") represents all business areas and levels and has evolved with broad representation across the Group
- Engagement through our newly created Momentum leadership group, many members of which have been instrumental in developing our 'Transform & Grow' strategy
- Training of internal insights facilitators as part of driving a high-performance culture
- Regular communication across channels, supporting those employees working remotely and those without access to Company email
- Using our Leadership Connected forum to support a cascade of key internal messages throughout the Group
- Chief Commercial Officer and Chief Executive roadshow across our manufacturing network, engaging with colleagues on current business issues, providing the opportunity for Q&A
- Development, training and apprenticeship programmes (including recognition of study completion)
- Continuing to support leadership and talent development programmes throughout the business, for example through our level 7 apprenticeships with Cranfield School of Management
- Participation in employee engagement surveys
- Leaders can connect with the elected representatives of our recognised Trade Unions and, via these, the constituents that they represent

Board engagement

- Board participation in the EVG via Angela Bromfield, our designated Director for employee engagement, with other Board and senior management team members attending
- Board site visits
- Board attended strategy review
- Annual reviews of people, talent and Group reward strategies
- Review of senior management team performance, succession planning and wider talent development initiatives
- Health and safety reviews at every Board meeting, with an annual review by the Board with our Group SHE Director
- Active engagement in mentoring and coaching, both with our high-potential colleagues and other specific cohorts within the business, e.g. female engineers
- Reporting to Audit Committee on "whistleblowing" reported through the Serious Concerns Policy and our external independent partner, Safecall

Links to corporate pillars

Communities and the environment

Business engagement

- Validation of carbon reduction targets for the whole Group, including Marley, by the Science Based Targets initiative
- Tree planting, biodiversity action plans and quarry restoration programmes
- Site community relations activity
- Fundraising and food donations to charity partner, The Trussell Trust
- Social value partnerships with further education colleges
- Product donations and employee volunteering
- Engagement with UN Global Compact Network UK working groups on modern slavery and sustainability reporting

Board engagement

- Through the ESG Committee, the Board is actively engaged with the Group's ESG and sustainability strategy, including the setting of science-based targets
- The ESG Committee receives regular updates on our ESG programme and commitments
- ESG measures included within Executive Director incentives
- The ESG Committee is now an established part of Board programme

Links to corporate pillars

Government and regulatory bodies

Business engagement

- Regular dialogue with Government, regulators and industry groups
- Active membership of the Construction Products Association and Mineral Products Association
- Effective and clear policies against bribery and the elimination of modern slavery with training for staff and business partners

Board engagement

- Board provides direction to the support of the UN Global Compact's principles, and policies relating to modern slavery and anti-bribery

Links to corporate pillars

Stakeholder Engagement continued

Key Board decisions and stakeholder considerations

Our stakeholders

- Shareholders
- Customers
- Colleagues
- Suppliers
- Communities and the environment
- Government and regulatory bodies

Matter for Board consideration	Stakeholder considerations	Outcome
2024 strategy review	**Multiple stakeholder considerations**	**Launch of 'Transform & Grow'**
We carried out a comprehensive review of the Group's strategy during 2024, with the support of OC&C Strategy Consultants ("OC&C"). Approval of the Group's strategy is within the Board's authority and, after the fact-finding and data collation phase of the review, the Board was engaged throughout, with OC&C reporting its findings and the management team then sharing the proposed strategy for the Board's consideration and approval. This culminated in a full day's review with the Board in October 2024 ahead of our Capital Markets Event in November.	**Shareholders:** although there was no direct engagement in formulating the strategy, unlocking growth and future value creation were core considerations throughout. Shareholders were invited to engage at our capital markets event and we made them aware we were carrying out this review. **Customers:** core to the review were our customers, who engaged to provide their views on what they value about Marshalls and areas in which we need to develop. **People:** organisational culture and design and our capacity and capability to deliver our growth agenda were all considered. Creating a high-performance culture with aligned development and reward programmes is fundamental to our success. **Communities and the environment:** carbon leadership is a core strategic pillar underpinned by our commitment to leadership in ESG governance and standards. **Suppliers:** achieving our growth targets requires strong, balanced supply chain relationships that deliver mutual benefit. Our commitment to business-wide enterprise excellence includes building and maintaining these relationships. **Government and regulatory bodies:** our ability to benefit from Government policy and ambition, particularly on new housebuilding, and from regulatory tailwinds were core to our strategic review.	Launched 'Transform & Grow' at our capital markets event in November 2024. Engaging our colleagues with the refreshed strategy during 2025. Executing our plan during 2025 through our business divisions, which each have focused growth plans. Programme management of strategic initiatives through our Enterprise Project Management Office.
Commercial leadership of the Group	**Multiple stakeholder considerations**	**Creation of the Chief Commercial Officer Role and the appointment of Simon Bourne**
Our performance in recent years, particularly within our Landscaping division, necessitated a review of the commercial leadership of the Group.	**Shareholders:** underperformance in our core Landscaping business is driving shareholder sentiment and impacting confidence. Strong commercial leadership is required to unlock growth and value creation. **Customers:** there is a need to reinforce relationships with key customers given competitive pressures and to evolve our service proposition to meet their needs. We must understand why they value us and aim to over-index on this. **People:** more challenging market conditions in recent years and a number of restructuring exercises have impacted engagement across the Group. Driving engagement with our strategy and an improvement in Landscaping performance require capable and motivated teams that feel valued. **Communities and the environment:** carbon leadership is a core strategic pillar underpinned by our commitment to leadership in ESG governance and standards. **Suppliers:** a deep understanding of our supply chains and operations supports more effective commercial decision making. We need to ensure we maximise production efficiencies and support margin enhancement.	Simon Bourne was appointed Chief Commercial Officer in May 2024. Simon's deep knowledge of the Group's operations and customers, and his proven leadership skills, will support our ability to align our capacity with demand and meet the need in the medium to longer term, and to build greater flexibility into our cost base so that we are equipped to respond to demand in the most efficient way, keeping our customers happy and helping us in "Building Tomorrow's World".

Sustainability

Building Tomorrow’s World

Vanda Murray OBE
Chair

Dear stakeholder

This is an exciting time for Marshalls. As we’ve outlined in our ‘Transform & Grow’ strategy, we’re at a pivotal point in our journey – a point at which we harness the power of our leading brands and demonstrate our carbon leadership through our best-in-class technical and design support. This is underpinned by our leadership in ESG governance and standards – something we have prioritised and championed for more than 20 years.

I am very proud to see Marshalls grow as a business, showing our stakeholders the progress we’ve made and the commitment we have to taking action. Our new strategy is clear and ESG is taking centre stage – our focus is very much on ensuring the safety and wellbeing of our colleagues, reducing our environmental footprint, and making a real impact to our communities.

Our 2024 ESG highlights

- Clear SBTi-approved Group net-zero target across all emission scopes by 2050
- Recognised by Financial Times and Statista as one of Europe’s Climate Leaders for the third time
- MPA Health and Safety Award for Safer Production
- Environmental Product Declarations covering the majority of our product range
- Less than 1 per cent of our waste goes to landfill
- Celebrating ten years of having the Fair Tax Mark and being a Living Wage employer
- Social value and apprenticeships programme focusing on the next generation of construction industry professionals
- Comprehensive human rights due diligence programme, including mapping of our solar supply chain to Tier 7

Leadership in ESG governance and standards

As a responsible business, we are guided by the United Nations Global Compact’s principles in the key areas of human rights, labour, environment and anti-corruption, along with the UN’s Sustainable Development Goals (“SDGs”). Our approach to ESG is underpinned by our ‘Transform & Grow’ strategy, science-based targets framework and our three key pillars – Better Product, Better Workplace, Better World.

Our ESG strategy is driven by our ESG delivery team with support from the ESG Steering Committee and oversight from the ESG Committee at Board level.

▶ ESG Committee Report page 91

Sustainability continued

Materiality

Review process

Our 2024 materiality matrix is based on the SASB Standards for Construction and the UN Sustainable Development Goals, and it's aligned to our risk heatmap (see page 55). We have put in place a documented materiality review process which outlines that a full review takes place every three years, with a light touch review in the years in between.

Having conducted a full review last year, this matrix has been compiled further to a light touch review in 2024 which looked at the issues that matter most to our key stakeholders and have an impact on our business. Using a combination of desktop research and analysis of industry issues, the matrix was analysed by the ESG delivery team and reviewed by the ESG Steering Committee.

Materiality light touch review process

1

- Desktop research
- SASB Standards for Construction
- Analysis of ESG and sustainability reporting standards

2

- Stakeholder analysis
- Analysis of industry issues
- Analysis of broader ESG issues

3

- Final review and presentation to ESG Steering Committee
- Approval from ESG Board Committee
- Publication in Annual Report and Sustainability Report

2024 review

The matrix we present here is a mitigated position and is aligned with our Risk Register. Since our last review, a small amount of changes have been made to reflect our 'Transform & Grow' strategy, as follows:

- More focus from customers on circularity so a slight shift for **circularity and waste management**
- Internal activity on **biodiversity** means that our mitigated position has changed, even though it remains material to the business
- A big shift in **product innovation** as our strategy outlines in detail the significance of product innovation to our priorities

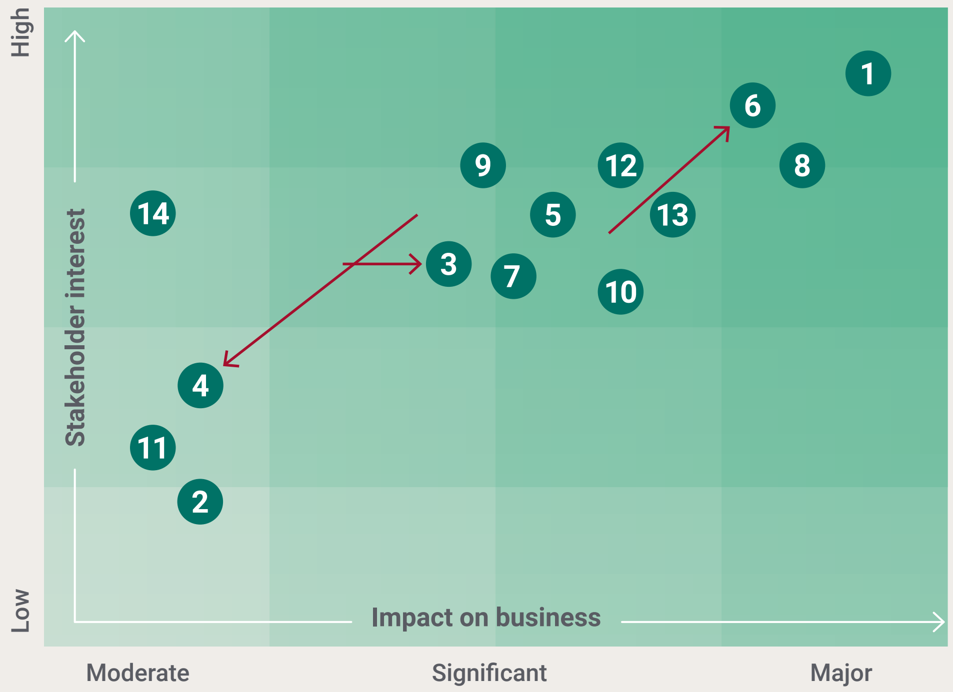
Our materiality matrix is primarily based on financial impact on the business but has also taken into consideration stakeholder interest.

Double materiality

Even though Marshalls isn't in scope for the EU's Corporate Sustainability Reporting Directive ("CSRD"), we are keen to explore a double materiality approach.

It's key for us to understand our impact on the external world and its stakeholders, but equally to understand their impact on our business.

Our next review in 2025 is due to be light touch, as per our review process. We will continue to explore how a double materiality approach might benefit how we see our ESG priorities.



1. Carbon reduction and energy management
2. Water management
3. Circularity and waste management
4. Biodiversity management
5. Health, safety and wellbeing
6. Product innovation
7. Climate adaptation
8. Sustainable supply chain
9. Social value
10. Human rights and environmental due diligence
11. Anti-corruption and ethics
12. Diversity and inclusion
13. Talent and development
14. Regulatory environment and reporting

Sustainability continued

BETTER WORKPLACE

Our workforce

Our people are at the heart of our business and it is important to us to ensure their safety and wellbeing, along with providing opportunities for growth and development.

Colleague engagement

- Employee Voice Group
- Women's Network
- Toolbox talks and roadshows
- Health and wellbeing resources

Employee Voice Group ("EVG")

The EVG meets every two months and is made up of 20 elected colleagues from different parts of the business, along with the Unite National Convenor. In 2024, we updated the way we run the EVG process by setting up site-based and divisional groups. Members from these groups bring the operational perspective and feed into the Group-wide EVG so that it is representative of the whole Marshalls Group.

Angela Bromfield is the designated Non-Executive Director who represents the employee voice at Board meetings, with other members of the Board and Executive Team who rotate throughout the year. In 2024, six meetings were held with discussions ranging from CEO updates to input into the strategy, vision and purpose development, pay, and health and safety consultations.

Developing careers

- Apprenticeships
- Health and safety training
- Data Academy
- Early Careers

Apprenticeships

At Marshalls, we know our people drive our success and we are committed to supporting the growth of our business, people and teams to achieve shared success.

Our Learning and Development Policy ensures fair, consistent, and efficient development opportunities. It guarantees all colleagues receive induction and refresher training on critical compliance topics, while production and customer services teams benefit from skills-based competency frameworks for structured growth and career progression. Our apprenticeship strategy supports engineering Early Careers and addresses key business needs.

In 2024, we expanded opportunities for all employees, offering qualifications aligned with strategic skills development.

High-performing culture

- Health and safety
- Diversity and inclusion
- Performance management approach
- Reward and recognition

Diversity and inclusion

We continue to focus on diversity at the point of hiring and look to ways in which we can broaden our selection pools and target different cohorts of recruits.

Our Early Careers cohort is a great example of this, with nine newly recruited engineering apprentices in 2024. This brings our total to 21, so we're well on our way to achieving our target of 50 new Early Careers recruits by 2026.

We are also proud to note that the proportion of women colleagues has increased in 2024 from 16 per cent to 17 per cent, and the proportion of colleagues aged under 30 has increased from 11 per cent to 13 per cent.

▶ Remuneration Committee Report page 93

Leadership talent

- Momentum leadership development programme
- Insights Discovery training
- Leadership Academy
- Coaching and mentoring

Momentum leadership development programme

Momentum is a new leadership group formed in 2024 to align with the creation of our strategy. The group has a clear purpose of developing and role modelling a high-performance culture, building and delivering the strategy and being the change agents of the overall transformation.

Made up of around 60 leaders representing the whole organisation, the group is non-hierarchical but merit based, with an ambition to accelerate talent development. The leadership development programme started with self-discovery, quickly followed by high-performing team development and change leadership. We are already cascading all tools and practices across the rest of the leadership community and started to develop a common language by rolling out Insights Discovery to people managers and team leaders.

Sustainability continued

BETTER WORKPLACE CONTINUED

2,435
employees (2023: 2,726)

10 years
as a Living Wage employer

168
colleagues in apprenticeship programmes (2023: 184)

17%
women colleagues (2023: 16%)

34%
of women in leadership roles (2023: 39%)

£62,829
charitable, community and product donations (2023: £82,054)

2024 highlights

By the end of 2024, we had 168 active apprentices as well as a cohort of trained Insights Discovery facilitators who are empowering colleagues to connect and work together better.

More highlights from 2024:

- Leadership Academy: Supporting leaders at all levels to strengthen their leadership approach. 47 leaders developed their skills, while 17 graduated, enhancing their decision making, agility, inclusivity, project management and finance capabilities
- Data Academy: Twelve colleagues graduated, with seven more starting the programme to enhance their data skills for their roles
- Production Academy: Six colleagues began the Mineral Products Technician apprenticeship, focusing on concrete production and offering colleagues pathways for progression and technical expertise development

Data collection

We continue to collect data from our people, to give us a true picture of the Marshalls Group. Since the acquisition of Marley, we have integrated our reporting for the majority of metrics shown here.

Due to data collection limitations, disability and ethnicity data applies to the Marshalls business only. Age data has been collated from different snapshot dates and categories. Historical data will, therefore, differ from previous reporting.

Gender split*

	2024	2023	2022
Male	83%	84%	84%
Female	17%	16%	16%

* 2024: male (2,016), female (419).

Disability

	2024	2023	2022
No disability	50%	50%	52%
Disability	3%	3%	3%
No disclosure	47%	47%	45%

Ethnicity

	2024	2023	2022
White British/White other	78%	80%	80%
Minority ethnic group (Asian, Black, mixed/multiple heritage or other minority ethnic groups)	2%	2%	3%
No disclosure	20%	18%	17%

Age

	2024	2023	2022
Aged under 30	13%	11%	11%
Aged 30–39	25%	25%	24%
Aged 40–49	23%	22%	22%
Aged 50–59	27%	29%	29%
Aged 60+	12%	13%	14%

Sustainability continued

BETTER WORKPLACE CONTINUED

Health, safety and wellbeing

Marshalls continues to operate in an environment where the safety and wellbeing of our people are key priorities, through the use of strong governance and procedures.

Our Health and Safety Policy is approved by the Board and reviewed annually. Our CCO is the Board Director responsible for the health and safety performance of the Group.

Marshalls is fully committed to the health, safety and wellbeing of colleagues and we have clear objectives in place to demonstrate the progress we are making.

	2024	2023
Group manufacturing/quarry sites with ISO 45001 for health and safety management	**85%**	82%
SHE training hours	**24,458**	19,259

Note: 2023 training hours are Marshalls business only.

Health and safety target met

In 2024, we met our Group combined Lost Time Injury Frequency Rate ("LTIFR") target of 2.99, with an LTIFR of 2.34. The achievement of annual health and safety improvement targets is directly linked to the remuneration of the Executive Directors and senior management, as explained in the Remuneration Report on pages 93 to 108.

This year we are reporting health and safety data for the entire Marshalls Group, therefore, there is no comparison available for previous years.

Our integration of Marley into the Group health and safety function is now complete, with reporting in place for the entire Group. Our focus in 2024 was high-risk activities, with toolbox talks and training programmes aimed at heightening awareness and reinforcing controls around those activities that can have the most devastating effects. We are part way through the High Risk Activities Programme, having launched the Confined Spaces and PUWER (contact with moving machinery) modules in 2024.

We will continue to roll out the remaining modules throughout 2025/26. Other priorities for 2025 include a three-year rollout programme of IOSH occupational safety training, launch of Benchmark live data and a colleague awareness programme.

Dynamic decision making with live data

The launch of Benchmark, our digital compliance management tool, has enabled us to use a centralised system to better manage health, safety and environmental reporting. Now fully integrated throughout all Marshalls sites, we have started training Marley colleagues in preparation for a full rollout to Marley sites in 2025.

In 2025, we are launching the system with live data and enabling dynamic decision making with real-time information. This will not only bring a consistent approach to managing the health and safety of our colleagues, it will also allow us to better monitor trends, become more agile and trigger improvement campaigns in a more timely manner.

MPA Health & Safety Award win for Safer Production

Our Cromwell Saws site team, based in Halifax, won the Safer Production award at the 2024 MPA Health & Safety Awards. The winning entry was based on the site team's implementation of a new process for identifying cracks in stone prior to cutting it, in order to ensure it is handled safely.

Prior to the introduction of this process, there had been a number of near misses and minor injuries. The site team identified and implemented a solution which they translated into videos for colleagues, supporting written safety operating procedures ("SOPs"). There have been no further incidents since the implementation of the process.

Sustainability continued

BETTER PRODUCT

Our leading brands deliver pioneering systems and solutions, with a commitment to carbon leadership and materials innovation. With a nationwide network, our products offer a solution to projects seeking to lower their environmental impact.

Our externally verified Environmental Product Declarations ("EPDs"), which cover over 80 per cent of the Marshalls product range, give our customers comparable information on the sustainability performance of our products.

Whether it's our integrated solar roofing system or our lower-carbon concrete bricks, our innovative raingarden kerbs or our water management and drainage systems, we provide solutions that contribute to Building Tomorrow's World.

LANDSCAPING PRODUCTS

Pioneering concrete technology

- Innovative concrete designs and finishes
- Paving solutions with a lower carbon footprint than similar imported stone products
- Unique Lunar technology in the UK – concrete paving with granite aesthetics

Tri-blend technology
Our cement substitution programme reduces the carbon footprint of concrete products. This includes our Tri-blend powder technology which reduces cement content in concrete block paving by up to 60 per cent.

BUILDING PRODUCTS

Sustainable drainage systems

- Providing water management systems, from surface drainage and flood defence to permeable paving, and lower-carbon technologies into wastewater solutions
- Partnering with universities to research planting, water flow and filtration rates
- Kerbs designed to intercept, direct and diffuse surface water into raingardens

Drainage solutions
Marshalls Water Management delivers a comprehensive portfolio of water management and flood mitigation solutions, encompassing a full spectrum of above-ground and underground drainage systems.

ROOFING PRODUCTS

Energy transition

- Bringing energy transition and concrete technology to patented landscaping solutions
- In-roof solar PV as an energy efficient solution that also aligns to changes in building regulations

Roof integrated solar panels
Viridian Solar's Clearline Fusion roof integrated solar PV products bring high-quality installations to both new build and retrofit applications on pitched roofs.

Sustainability continued

BETTER WORLD

Human rights due diligence

We understand the role of business in creating a safe and fair environment for workers in our operations and supply chains. We also know that modern slavery and labour exploitation are affected by a complex set of social, economic, legislative and geopolitical drivers. A tailored approach is required to address challenges across different regions and jurisdictions. As a UK-based manufacturer, with 88 per cent of Group spend going to UK suppliers, we know that decent and fair work principles start at home.

Our use of temporary labour, which is typically considered to be a higher ethical risk factor, is comparatively low in our locations. This is owing to the nature of the business; we do not have seasonal fluctuations, prefer direct employment, and convert temporary labour to permanent jobs wherever possible.

The majority of labour agencies we use are managed by a third-party platform, which carries out supplier due diligence checks. In 2024, we reduced the number of agencies on the platform by 68 per cent.

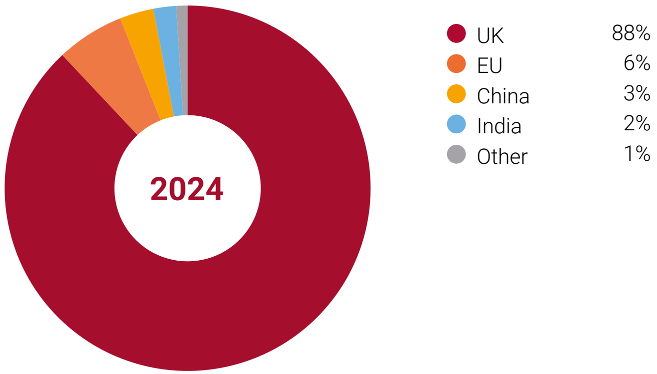
We monitor living wage across our UK supply chain and are increasing our engagement with UK-based SME suppliers, to help strengthen their understanding of due diligence and compliance requirements.

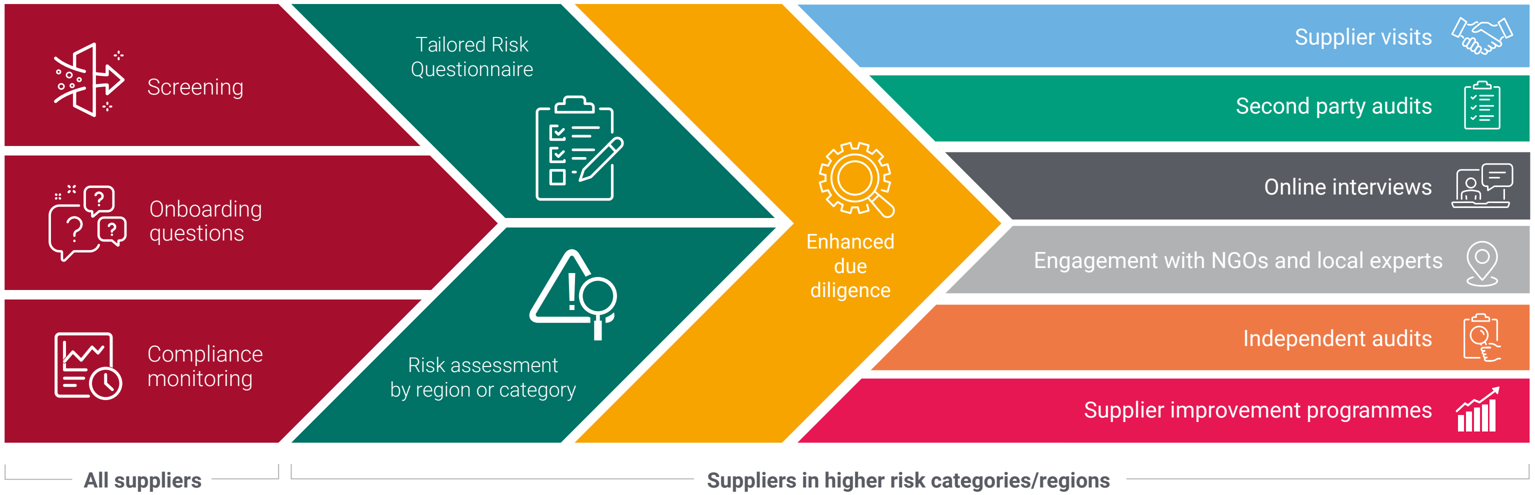
Overseas supply chain

In 2024, we completed our annual assessment of human rights risk across our overseas supply chain, covering direct and indirect procurement in more than 30 countries. Regions of higher human rights concerns accounted for around 6 per cent of Group spend and fell broadly into three product lines: solar panels, ceramics and natural stone. As the majority of activity in these high-risk categories was in China and India, they continued to be the focus of our due diligence activities.

Having worked on anti-slavery and anti-child labour initiatives since 2005, we are evolving from in-house assessments towards external verification of supply chain transparency and the ethical credentials of our products.

Breakdown of annual spend across Marshalls Group (snapshot date 1 July 2024)





Sustainability continued

BETTER WORLD CONTINUED

Natural stone

In late 2024, we started to pilot the XertifiX certification scheme with Chinese natural stone suppliers. XertifiX tracks the journeys of products from quarries to export, assessing social and environmental conditions at each location. We chose the scheme, not only because it aligns with EU legislation, but because it uses independent human rights experts with deep knowledge of the sector. The scheme also supports participating businesses on five-year improvement programmes.

In 2024, we also made two visits to existing and prospective natural stone suppliers in north India accompanied by an ethical consultant who interviewed workers and assessed conditions at all levels of our supply chain, including quarries, subcontractors, tier one manufacturers and packaging providers.

The baseline assessments formed the basis of our commercial and human rights strategy for India in 2025.

Viridian Solar supply chain

We have continued two major areas of work in China with our solar roofing business, Viridian Solar. The first was the progression of our social audit programme for direct and tier two suppliers, based on the SA 8000 standard. The second was tracing our supply chain further upstream. In 2023 we identified all suppliers from tier one to tier five, the stage where polysilicon is purified. In 2024, we made two further visits to China for ESG purposes and have fully mapped our supply chain to tiers six and seven where raw silicon is processed and ground to powder.

We were accompanied on our second visit by an ethical consultant specialising in supply chain traceability. She assessed the capability of businesses to meet international transparency standards.

We continue to work with suppliers to strengthen their processes. We have now expanded our supplier agreements, guaranteeing that they will only source from an approved list of locations to encompass all tiers of the supply chain from one to six. This requirement is stipulated in every purchase order.

88%
of supply chain spend is in the UK

12%
of supply chain spend is overseas

6%
is with high-risk supply chains

Focus areas
natural stone, ceramics and solar

▶ **Modern Slavery Statement: www.marshalls.co.uk/modern-slavery-statement**

BETTER WORLD CONTINUED

Net-zero by 2050

We're committed to minimising our impact on the environment, and key to this is our plan to reduce our greenhouse gas emissions to net-zero.

What does net-zero mean to Marshalls?

We take our lead from the Science Based Targets initiative when it comes to what we mean by net-zero. According to their Corporate Net-Zero Standard, a company must set near-term science-based targets to roughly halve emissions before 2030 and long-term targets to cut all possible – usually more than 90 per cent of – emissions before 2050. Once a company has achieved both these targets, it must use permanent carbon removal and storage to counterbalance the final 10 per cent of residual emissions that cannot be eliminated. A company can only be considered to have reached net-zero when it has achieved a minimum 90 per cent carbon reduction across all emission scopes (versus its baseline year) and has neutralised any residual emissions.

Approved carbon reduction targets

We have incorporated Marley and Viridian Solar into our carbon reduction plan, aligned with a 1.5°C pathway. Our near and long-term targets for the Group have been approved by the Science Based Targets initiative ("SBTi") and they commit us to reaching net-zero across our entire value chain by 2050. This is an important step for us because we know the role we play as a manufacturer in reducing our carbon footprint. We want our targets to be meaningful and for our progress against these targets to stand up to scrutiny.

Marshalls has a mandatory duty to report annual greenhouse gas ("GHG") emissions under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We use The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Department for Energy Security and Net Zero published conversion factors (June 2023) to measure GHG emissions.

Our work is underpinned by our Energy and Climate Change Policy and 66 per cent of the electricity we consume as a Group is sourced from renewable sources. We disclose information according to mandatory reporting requirements from Streamlined Energy and Carbon Reporting ("SECR"), Task Force on Climate-related Financial Disclosures ("TCFD") and Climate-related Financial Disclosures ("CFD").

Measuring our carbon footprint

We measure our emissions according to the criteria of the Greenhouse Gas Protocol and we outline here what the different scopes mean to Marshalls:

- Scope 1 refers to our direct fuel usage, including diesel, petrol, liquefied petroleum gas ("LPG"), heating oil, kerosene and natural gas. We measure this through invoices and site tank meter readings
- Scope 2 refers to our indirect emissions which is the electricity we have purchased. We continue to report our Scope 2 emissions as market based (using supplier emission factors) and location based (using Government emissions factors) for information only.
- Scope 3 refers to supplier emissions and this is our first year of reporting our Scope 3 footprint for all appropriate categories

We use an intensity ratio in order to define emissions data in relation to our business. Having incorporated Marley into our reporting, we now report this as tonnes CO_2e per 1,000 tonnes of production.

Overall net-zero target

Marshalls plc commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

Near-term targets

Marshalls plc commits to reduce absolute Scope 1 and 2 GHG emissions 50.5 per cent by 2030 from a 2018 base year* and to reduce absolute Scope 3 GHG emissions 37.5 per cent by 2033 from a 2018 base year*.

Long-term targets

Marshalls plc commits to reduce absolute Scope 1 and 2 GHG emissions 90 per cent by 2040 from a 2018 base year and to reduce absolute Scope 3 GHG emissions 90 per cent by 2050 from a 2018 base year*.

* The target boundary includes land related emissions and removals from bioenergy feedstocks.

Sustainability continued

BETTER WORLD CONTINUED

Change in organisational boundary

We are reporting carbon and energy consumption and performance for the enlarged Group for the first time. In order to ensure we are able to give a meaningful year-on-year comparison, the data we are reporting has been adjusted as per SBTi criteria and to reflect both the acquisition of Marley and the move of our logistics from Scope 1 to Scope 3 following the Wincanton outsourcing implemented in the first half of 2024. In doing this, we ensure that our targets remain credible, comparable and that we are not gaining any carbon reductions just by moving emissions from one scope to another.

Progress against targets

Progress against our targets over a five-year period is reflected in the bar charts on this page. The target line shown here is based on our new science-based targets for the Group. Actual 2024 absolute Scope 1 and 2 emissions are 40,200 tonnes CO_2e. However, for transparency and comparability to previous years, we have reported like-for-like data which dictates that we remove the emissions related to the partial year of in-house logistics during this transition year and transfer over to our Scope 3 emissions. Marshalls and Marley historical emissions performance can be found on page 49.

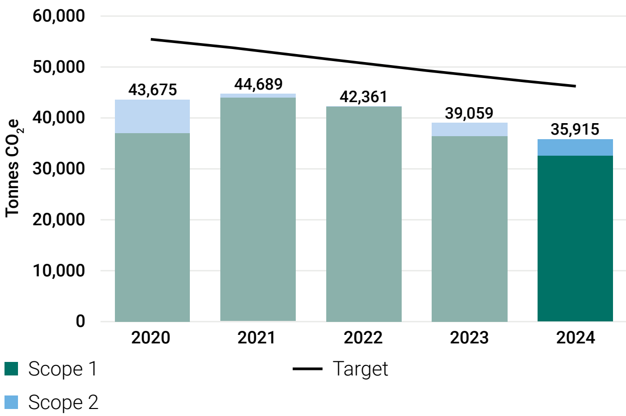
Whilst reduction in production activity does lead to a broadly commensurate drop in energy consumption, a combination of individual fuel type mixes and fixed baseloads does mean this is not always linear. Our 2024 data is in line with expectations and our absolute emissions remain well within the approved 1.5°C science-based target pathway.

We only report two years of intensity Scope 1 and 2 emissions data as Marshalls and Marley previously used different intensity ratios. These have now been aligned.

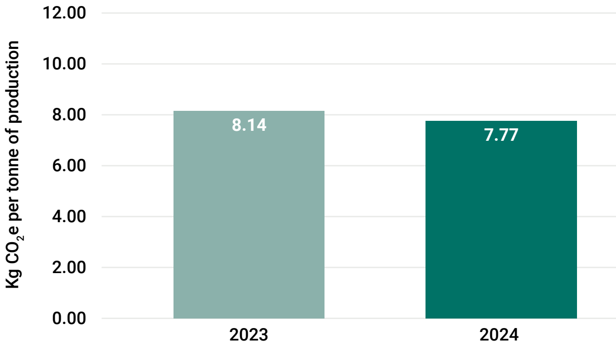
Further information on our reporting parameters and methodology can be found in our Basis for Reporting Guide, available on our website.

▶ Information on targets page 40

Marshalls Group absolute Scope 1 and 2 emissions



Marshalls Group relative Scope 1 and 2 emissions

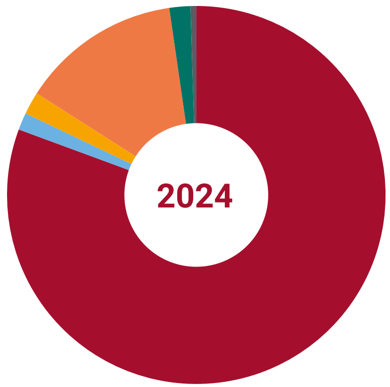


Group absolute Scope 3 emissions

This is our first year of reporting our Scope 3 emissions. We have measured emissions for 11 out of the 15 Scope 3 categories – the remaining four categories were considered, however, they are not relevant for our business. Our emissions profile is shown in the pie chart below, with a clear majority of Scope 3 emissions coming from purchased goods and services.

Our Scope 3 emissions are now included in our approved carbon reduction targets. Having undertaken the re-baselining activity in 2023, we have used 2023 actuals to estimate 2024 totals for relevant categories and taken into consideration changes in production volumes and the move of our logistics from Scope 1 to Scope 3.

Our total Scope 3 footprint in 2024 was 546,019 tonnes.



Cat 1: Purchased goods and services	436,799 tonnes
Cat 2: Capital goods	7,988 tonnes
Cat 3: Fuel and energy related activities	10,489 tonnes
Cat 4: Upstream transportation and distribution	78,366 tonnes
Cat 12: End of life treatment of sold products	9,706 tonnes
Other (Categories 5, 6, 7, 9, 11 and 13)	2,671 tonnes

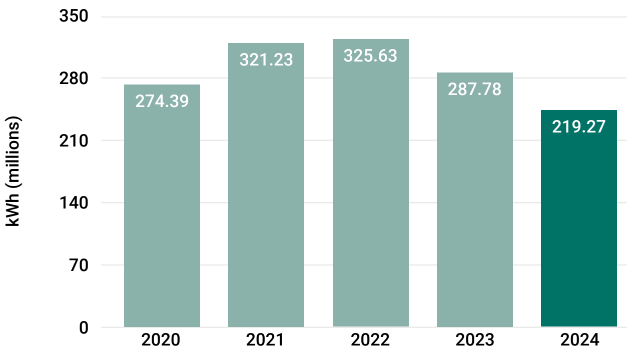
Sustainability continued

BETTER WORLD CONTINUED

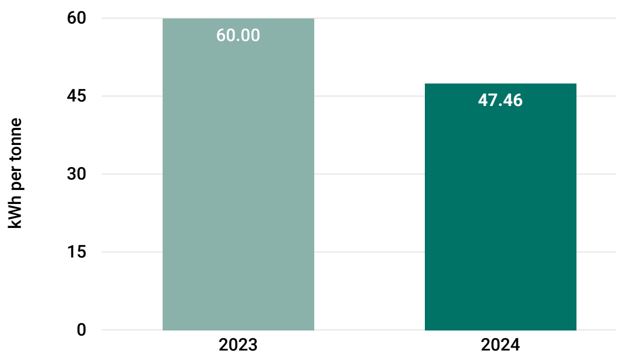
Streamlined Energy and Carbon Reporting ("SECR")

In accordance with the SECR framework, we are reporting annual Scope 1 and 2 GHG emissions, energy use, five-year trend disclosure of data, intensity ratios for both emissions and energy, details of methodology used, and energy reduction activities. We have now aligned reporting for relative energy consumption.

Group energy consumption



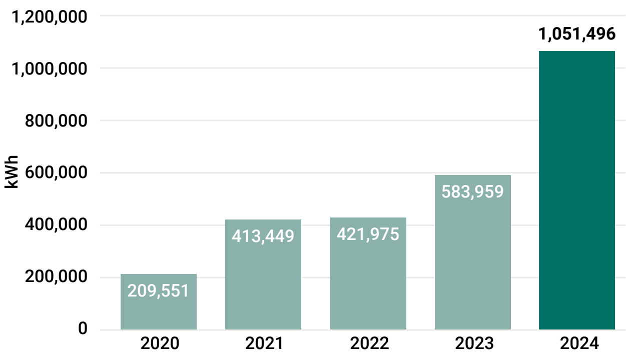
Relative energy consumption



Approach to ESOS

Marshalls' approach to the Energy Savings Opportunity Scheme ("ESOS") legislation is to submit an assessment every four years, which calculates total energy consumption across our buildings, processes and transport. This assessment also helps to identify areas of significant energy consumption and calculates energy intensity ratios. Through a combination of direct site observations and supplier-based observations, we identify and categorise opportunities which save energy and achieve carbon and cost savings. As part of our compliance with ESOS, we track our identified and completed opportunities and submit these as action plans and Annual Progress Reports. Our ESOS assessment is verified by a certified ESOS lead assessor prior to submission every four years.

Group self-generated energy from renewables



This chart shows self-generated energy from the solar arrays at four locations.

Energy reduction

Our carbon reduction journey focuses on the goals of mitigation and adaptation – the actions needed to reduce emissions that cause climate change and the ways in which we need to manage the risks of climate change impacts. For Marshalls, this is about working towards our science-based targets through manufacturing efficiencies, energy reduction, supplier selection and our product mix design.

We continue to develop our plans to achieve our goals and throughout 2024 made efforts to reduce the energy we use as a business through adherence to our formal, in-house energy management system. Part of this process has also been to apply the knowledge we have built up over many years in carbon reduction to other parts of the Group. In 2024, we began a programme of carbon reduction activity across our product ranges, along with our cement substitution and cement reduction programmes.

Moving forward, we have clear plans to implement measures around our products, sites and processes, and supply chain. These plans include developing innovative products that support climate change mitigation and adaptation, continuing to investigate renewable energy projects, continuing to engineer high-emissions fuels out of the business, increasing collaboration and innovation with key supply chain partners, and working with our group of internal Energy Champions who drive energy efficiency and improvement at our manufacturing sites.

Collaborative working

Marshalls has joined the inciner8-2-Net0 project partnership, led by Akerlof, which focuses on transforming incinerator bottom ash ("IBA") into low-carbon construction materials. This initiative reduces waste and promotes a circular economy, enabling impactful carbon reduction. By using innovative processes to stabilise harmful substances in IBA and sequester CO_2, this partnership aims to convert waste into a valuable resource, reducing landfill reliance and cutting greenhouse gas emissions.

Task Force on Climate-related Financial Disclosures

Marshalls plc has complied with the requirements of LR 6.6.6(8R) by including climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures.

The climate-related financial disclosures made by Marshalls plc comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ("CFD").

Outlined on the following pages is our 2024 TCFD and CFD disclosure. We continue to evolve our disclosures in a phased approach and this year, we comply with all eleven recommended TCFD disclosures (in comparison with nine out of eleven in 2023 and six out of eleven in 2022) and all the CFD expected disclosures. This is a journey and our work in this area will remain a priority.

TCFD and CFD index table

TCFD pillar	Recommended disclosure	Page reference	Companies Act 2006 414CB
1. Governance	a. Describe the Board's oversight of climate-related risks and opportunities.	Page 44	a. A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Page 44	
2. Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 47 and 48	d. A description of: i. The principal climate-related risks and opportunities arising in connection with the company's operations. ii. The time periods by reference to which those risks and opportunities are assessed.
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 47 and 48	e. A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 46	f. An analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios.
3. Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 45 and 46	b. A description of how the company identifies, assesses, and manages climate-related risks and opportunities.
	b. Describe the organisation's processes for managing climate-related risks.	Page 46	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 46	c. A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process.
4. Metrics and targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 47 to 49	h. A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Page 41	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 40 and 49	g. A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.

Task Force on Climate-related Financial Disclosures continued

Key discussions and decisions in 2024

Oversight
- Regular monitoring of our progress against our environmental commitments
- Update to the Board ESG Committee and ESG Steering Committee on approach to climate-related risks and opportunities
- Review of opportunities in line with new strategy

Strategy
- Update of our Carbon Reduction Plan
- Review of five-year ESG reporting plan
- Started exploring options for implementation of internal carbon price

Management
- Review of our climate-related risks and opportunities as part of the work of our internal Climate Disclosures Working Group
- Review of controls for data collection, monitoring and reporting
- Alignment of verification of carbon, waste and water data for the Group

Metrics and targets
- Submission of revised carbon reduction targets to Science Based Targets initiative – now including revised Scope 1 and 2 targets, absolute Scope 3 target and net-zero target
- Review of metrics used for climate-related risks and opportunities
- Approval of carbon accounting and ESG software solution

Governance

***2024 progress:** Embedding of Board-level oversight through the ESG Board Committee and ESG reporting processes*

The Board has ultimate responsibility for climate-related risks and opportunities. The Board monitors and oversees progress against goals and targets, including science-based targets for carbon reduction with direct links to remuneration and external verification and assurance of carbon data. Board oversight is through the ESG Board Committee, with support from the ESG Steering Committee.

The ESG Board Committee met three times in 2024. The Committee is due to meet three times in 2025 and will be briefed by the Chief Legal Officer and Company Secretary on climate-related matters at every meeting. In 2024, the Audit Committee was also briefed by the CFO on TCFD and CFD disclosure.

▶ ESG Committee Report page 91

Oversight of revision of carbon reduction targets

In 2023, our teams worked with the Carbon Trust to revise our carbon reduction targets in order to include Marley and Viridian Solar. The culmination of this work was our submission and subsequent validation of revised targets in early 2024 to the Science Based Targets initiative. The Board, via the Board ESG Committee, had oversight of the project from start to finish and was involved in the final decision making process.

▶ ESG governance page 72

In assessing and managing climate-related issues, climate-related responsibilities are assigned as follows:

- **ESG Steering Committee:** climate-related issues form part of the agenda and this committee is tasked with assessing climate-related issues. In 2024, the ESG Steering Committee held six meetings – chaired by the CCO and attended by Chief Executive, CFO, CCO, Chief Legal Officer and Company Secretary, and the ESG delivery team, as permanent members. One of the meetings was focused on the review of our approach to climate-related risks and opportunities. *Key output: ESG materiality matrix*
- **ESG delivery team:** this cross-functional team attends and reports directly to the ESG Steering Committee and is responsible for the delivery of the ESG strategy, including working on climate-related issues in terms of best practice, regulation, compliance and horizon scanning. *Key output: Sustainability Report*
- **Group Risk Register:** managed by the CFO and with input from senior leaders, the Risk Register includes climate change. Meetings are held twice a year and key points are fed back to the Board via the CFO. *Key output: Risk Register*
- **Climate Disclosures Working Group ("CDWG"):** this cross-functional group identifies and examines climate-related issues. Outputs from the group are fed back to the CFO and ESG Steering Committee. This group is attended by senior colleagues from legal, operations, sustainability, procurement, marketing and finance teams. In 2024, the group reviewed climate-related risks and opportunities and was joined by one more colleague from Management Systems. Managed by the Head of ESG Reporting, the CDWG reviews climate-related risks and opportunities. *Key output: climate-related risks and opportunities in TCFD disclosure*
- **Sustainability team:** this team has the overall responsibility to manage and monitor climate-related issues operationally including incorporating Marley and Viridian Solar into the environmental roadmap, delivering on science-based targets for carbon reduction and energy performance at site level. *Key output: verification of environmental data and product EPDs*
- **Operations:** various teams within the Operations function contribute to the management of climate-related risks and opportunities, including technical (innovation and product cement reduction programme), marketing (new product development), Design & Engineering, and Energy Champions (monitoring of progress against targets at site)

***2025 focus:** Integrating management of climate-related risks with site-level activity and management systems*

Future reporting

Our approach to ESG reporting continues to evolve. With the potential adoption by the UK Government of the ISSB Sustainability Disclosure Standards ("SDS") as part of the UK Sustainability Reporting Standards ("SRS"), we are moving towards a more uniform set of standards that enables us to disclose with greater transparency. In 2024, we started an internal project to identify our own sustainability reporting path:

- Gap analysis on ISSB S1 and S2, TPT, TNFD and CSDDD* reporting
- Development of our Carbon Reduction Plan as a precursor to a transition plan

* International Sustainability Standards Board ("ISSB"); Transition Plan Taskforce ("TPT"), Taskforce on Nature-related Financial Disclosures ("TNFD"), Corporate Sustainability Due Diligence Directive ("CSDDD").

Task Force on Climate-related Financial Disclosures continued

Strategy

***2024 progress:* Reviewing risks and opportunities, and further refining assessment of impact on business, strategy and how to embed net-zero commitment into wider financial and strategic planning**

After having set up our internal process to assess climate-related risks and opportunities in 2023, we continue to focus on refining our approach. Our longer-term view to assessing transition and physical risks is set out here and it outlines our approach, methodology and outputs. This is an iterative process which we expect to refine year-on-year.

As a UK-based manufacturer, our focus for physical risk of climate change is our direct operations in the UK. Our future aim is to include the supply chain in our analysis. For transition risk, we are looking at each climate-related risk individually and this tends to take into consideration the whole value chain as well as our direct operations.

The CDWG reviewed climate-related risks and opportunities as a result of the work undertaken by the Carbon Trust to re-calculate our Group carbon footprint. This process also included a review of time horizons, mitigation and internal metrics.

Following the review, a process was set up to incorporate both quantitative and qualitative scenario analysis. This built on the work undertaken in 2023 as an evolution of our understanding of the impact of climate-related risks on our strategy and financial planning. This work is still in its early stages as we develop our approach and will be further refined in 2025 as we align our processes to our net-zero roadmap.

***2025 focus:* Refinement of our environmental roadmap and more developed scenario analysis**

Our approach to assessing transition and physical risks

	Transition risk	Physical risk
Our objective	To better understand how our business is likely to be impacted by climate change and how we will need to prepare for a lower-carbon world	To better understand how physical climate risk, both acute and chronic, might impact our operations and/or our value chain
Our assessment	Identification of climate-related risks via the Risk Register and CDWG, and assessment of these risks via external data providers and internal metrics	Identification of material physical risks via operations and management systems, through appropriate internal working groups and assessment of these risks via external data providers and internal metrics
Our methodology	Use of internal data, industry analysis, third-party data, climate scenarios, and external research	Use of internal first hand observation, climate scenarios, Environment Agency flood maps, WRI Aqueduct, and external research
Our outputs	Materials risk analysis Financial quantification of risk based on internal and external data, and scenario analysis	Flood maps for at-risk sites Financial quantification of risk based on internal and external data, and scenario analysis Integration into management systems

Flood risk review

Further to flooding incidents at some of our sites in early 2024, a Flood Risk Review team was set up to look at how we deal with flooding. Made up of colleagues from property, finance and operations, the team began the review by ranking sites according to flood risk which was compiled using Environment Agency flood maps and historical evidence of site flooding. Next steps involved looking at financial quantification of the risk and building in capex to ensure we minimise risk moving forward. Focus for 2025 is to look at a more detailed analysis of future risk.

Carbon price

We continue to explore our options and the appropriateness of setting an internal carbon price across the Group. In 2024, we formed a working group to develop an initial proposal which has since been scrutinised by the Climate Disclosures Working Group with a view to presenting our findings and recommendations to the ESG Steering Committee in 2025. This would set out ways that an internal carbon price might be used, for example to inform investment decisions and ensure that they align with our long-term carbon reduction goals.

Identifying, assessing and managing climate-related risks

Identify
Climate-related risks are identified by ESG delivery team, finance, operations and Climate Disclosures Working Group

Assess
Significant risks are discussed by the Climate Disclosures Working Group and assessed by the ESG Steering Committee

Manage
Agreed risks are managed by the relevant teams, with ESG Steering Committee oversight

Integrate
Risks that have been identified and assessed to be significant to the overall risk process are added to the Risk Register

Task Force on Climate-related Financial Disclosures continued

Risk

***2024 progress:* Review of risks in light of overall carbon footprint assessment and review of opportunities based on new strategy**

We have formal ongoing processes to identify, assess and analyse risks and these are integrated into the Group Risk Register. Climate change is also part of the risk heatmap where it is ranked alongside other risks and, therefore, its significance in relation to other risks is determined. Existing and emerging regulatory requirements are considered here.

Having identified our climate-related risks, our process for managing these risks forms part of the Risk Register and different teams within the business.

In 2024, the Risk Register process amalgamated climate change risks and impacts of weather events as the work being done in this area internally started to converge. This did not impact the work of the CDWG which met four times in 2024 to discuss the following: climate disclosure sign off, review of climate-related risks and opportunities, discussion on carbon price, and climate-related metrics.

Reviewing our approach is now an annual standing agenda item, while workshops in 2025 will likely feature discussion on climate transition planning and expected changes in sustainability reporting standards.

▶ Risk heatmap page 55

Management of climate-related risks at site

In 2024, we began the process of incorporating climate-related risks into our management systems, with a focus on key operational sites identified by production tonnage. Though this is a work in progress, we have started the process by identifying key climate-related risks for our key sites: firstly using external climate data, to be followed by observational data from sites. This has been a collaborative effort from the start, involving the ESG delivery team, site managers in operations and our integrated management systems team.

Scenario analysis

When assessing the use of climate scenarios, our decision was to take a phased approach. Therefore, last year, our starting point was to apply different climate scenarios to our physical site risk for qualitative assessment. Our intention then was to refine our use of scenarios for site risk and use scenario analysis more widely for our other key climate-related risks. This is the approach we took in 2024 for both transition and physical risk analysis.

Using data and research from external sources including Verisk Maplecroft, the Environment Agency and WRI Aqueduct, we identified a risk calculation based on risk exposure and the impact of relevant future scenarios: SSP1 and SSP5. These scenarios were chosen as they give an indication of how key risk may change along different trajectories, from below 2°C (SSP1) to over 4°C (SSP5). More specifically to Marshalls, SSP1 was selected to assess the potential impact of our current environmental roadmap and the likelihood of increased transition risks, and SSP5 to look at potential impact of increased physical risks.

As reported last year, our intention was to take a more granular view of physical risk so we refined our approach. Again, focus remains on key operational sites (identified by production tonnage), but this time we have added historical first-party data to external climate data to give us an overall picture of key physical site risk. For our UK key operational sites, key risk centres around flooding. We have applied a similar approach to all other risks.

Qualitative scenario analysis is subjective and may be subject to change as we mature and evolve our processes and analysis. We have made assumptions in our qualitative scenario analysis and we have also made assumptions and omissions in our quantitative analysis in order to focus on materiality and in order not to hinder the analysis due to unavailability of data. This is not an exact process and relies on assumptions and uncertainty and, therefore, will need to be refined moving forward.

Scenario analysis

SSP1: increased carbon pricing, faster regulatory activity, transition risks, decreased physical risks

SSP5: slower regulatory activity, need for transformation, increased physical risks

Resilience and impact on Financial Statements

Our carbon reduction roadmap is based on our newly approved Scope 1, 2, 3 and net-zero science-based targets, and aligned to a 1.5°C trajectory, but it is subject to transitional challenges. Our initial scenario analysis has applied a number of assumptions, some of which are based on a number of unknowns in the transition to net-zero.

Based on this initial work, we assess that the 'Transform & Grow' strategy is resilient against scenarios used. This assessment is based on a robust risk management process that is embedded in the organisation, an understanding of climate-related risks for the organisation, the mitigations we have in place and a phased approach to adaptation based on materiality and overall approach to risk.

Our 'Transform & Grow' strategy is based on providing sustainable solutions for the built environment and the transition to a low-carbon economy and, therefore, the impact of climate change on our infrastructure – this is a clear opportunity for the Group. The actions we are taking to mitigate our climate-related risks, including our 'Transform & Grow' strategy, setting science-based targets for carbon reduction, and analysing our sites for impact of physical risk are consistent with the actions required to align to a 1.5°C world. Initial scenario analysis tells us that some climate-related issues may impact financial planning and capex, however, this is already being considered as part of our carbon reduction roadmap development.

Climate-related risks outlined on page 47 have been considered and assessed in preparation of the Consolidated Financial Statements for the year ended 31 December 2024. Based on this assessment, no significant material impact has been identified at this stage. This is based on our risk heatmap, internal Risk Register and climate risk management processes.

Having re-calculated our carbon reduction targets to include Marley and Viridian Solar, and with a transition plan currently being developed, we assess that there is no significant short-term impact on financial planning or forecasting.

During the reporting year, a small number of our sites experienced minor episodic flooding, however, there has been no impairment loss and there are, therefore, no current financial effects from flooding. Any damage caused was de minimis and to small amounts of product/site access, rather than property, plant and equipment ("PP&E").

In the reporting year, we also made a public announcement that the Marshalls Group has committed to reaching net-zero across all scopes by 2050 (see page 40 for more information). This announcement was made in October 2024 and we are, therefore, in the process of developing our roadmap to net-zero. There is no current financial reporting impact of the net-zero announcement, however, we are mindful of the changing nature of climate-related risks and the potential for impact on Financial Statements in the future.

***2025 focus:* Development of financial modelling based on scenario analysis and net-zero roadmap**

Task Force on Climate-related Financial Disclosures continued

Risk continued

Key risks and opportunities

Transition to a low-carbon economy will bring challenges. Identifying and quantifying these risks will enable us to better prepare the business for the impact of climate change. We have identified climate-related risks over estimated short-term (0–1 year), medium-term (1–5 years) and long-term (5+ years) time horizons. These time horizons have been chosen as they reflect the dynamics of our industry and our internal processes. They are different to the ones used for financial reporting due to the nature of the risks.

We track relevant externally generated metrics and are putting in place internally generated metrics as explained below. We have not reported progress against these metrics but will consider doing so in future disclosures as our TCFD and CFD reporting processes further develop.

Risk, type, category and timeframe	Explanation, mitigation and metric	Potential impact
Availability of materials Transition risk (market) Medium to long term	Availability of materials is a risk as cement companies decarbonise and replacement materials fluctuate in both accessibility and price. This is a transition risk that we mitigate by having a strong focus on supplier relationships, a centralised purchasing function, flexible contracts and long-term supply agreements. Our cement replacement programme for concrete products decreases our reliance on cement – our concrete now has an increased percentage of alternative materials (up to 60% at some of our sites) and our St Ives site has been equipped with the facility to use an increased number of cement alternatives. This, along with materials research and development, helps to mitigate some of the risk on pricing and availability. ***2024 metric:* Supplier engagement targets (internal)** ***Potential impact on the business, strategy and financial planning: Disruption to supply and price of materials. Our strategy is focused on low-carbon solutions and we have a number of projects that enable us to mitigate. In the medium to long term, impact may be around increased fluctuation of price of materials.***	**Current: low** SSP1: increased risk SSP5: reduced risk but increased need for adaptation
Legislative landscape and policy Transition risk (policy and legal, reputation) Medium to long term	As Governments accelerate decarbonisation, there will be impact on regulation and changes in legislation, for example relating to plastics or carbon taxes for materials such as imported cement and steel. We mitigate this risk by having centralised legal and other specialist functions and advisers, along with our approved science-based targets on which our net-zero roadmap is based and, therefore, our carbon reduction activities. We also mitigate through horizon scanning, close collaboration with the legal team and gap analysis in reference to new reporting standards. Meetings between the ESG and legal teams are held quarterly to discuss evolving regulations and requirements. ***2024 metric:* Carbon prices and levies (external)** ***Potential impact on the business, strategy and financial planning: Planning for rise in price of carbon via any current mandatory schemes like UK ETS, and UK CBAM coming into force in the medium term.***	**Current: low** SSP1: increased risk SSP5: reduced risk but increased physical risk

Risk, type, category and timeframe	Explanation, mitigation and metric	Potential impact
Shift to low-carbon product solutions Transition risk (market, reputation) Medium term	There is continued pressure to give our customers products that lower the carbon footprint of their projects. Our 'Transform & Grow' strategy is clear on the importance of low-carbon product solutions for our customers and this is a focus for Marshalls moving forward. We mitigate this risk by having a continuing focus on mix design for current products, new product development, specialist design and engineering capability, and Environmental Product Declaration ("EPD") development. This is supported by a clear marketing strategy and internal training programme for our sales teams. ***2024 metric:* EPD performance (internal)** ***Potential impact on the business, strategy and financial planning: Loss of sales if our strategy is not well executed, however, this is core to the business strategy so will be closely monitored.***	**Current: low** SSP1: increased risk SSP5: increased risk
Technological advancement Transition risk (technology) Long term	Aspects of our operations, distribution and transport will need technology to transition to a net-zero world and there is a risk that we don't adapt quickly enough or invest in the wrong technology. This is a longer-term risk with elements of high uncertainty. We mitigate this risk through the development of our environmental roadmap and carbon reduction plan, supported by our commitment to carbon reduction via science-based targets, as well as being agile and flexible to different potential technological solutions. Our sustainability team is focused on looking at the long-term impacts of climate change and the actions the business will need to take in order to reach net-zero by 2050. ***2024 metric:* Science-based targets for Scopes 1, 2 and 3 (internal)** ***Potential impact on the business, strategy and financial planning: Investment required for technological solutions in order to reach our science-based targets.***	**Current: low** SSP1: reduced risk SSP5: increased risk
Changing weather patterns Physical risk (acute) Short to medium term Physical risk (chronic) Long term	Acute physical risk of extreme weather events, such as flooding, and chronic physical risk of longer-term changes in weather patterns that may cause heat or water stress may impact our sites. In the short term, our work in this space is focused on our own sites but in the medium term will look at supplier locations. We mitigate this risk by analysing climate risk at site level, engaging with stakeholders and looking at short to medium-term solutions. We have also set up an internal group whose remit is to investigate the impact of flooding on specific medium to high flood risk sites. ***2024 metric:* Cost of lost production days due to weather events (internal)** ***Potential impact on the business, strategy and financial planning: Need for flood resilience plans for low-risk sites and potential for capex for high-risk sites, longer-term impact on financial planning if any sites experience major changes in flooding or other climate-related events.***	**Current: low** SSP1: reduced risk SSP5: increased risk

Task Force on Climate-related Financial Disclosures continued

Risk continued

Climate-related opportunities

Having launched our 'Transform & Grow' strategy, we know that the markets in which we operate are exposed to long-term growth drivers associated with climate change – including energy transition, green urbanisation, water and flood management, and the need for low-carbon solutions. With carbon leadership as one of our strategic pillars, we are in a good position to maximise on the opportunities that lie ahead.

Sustainable product solutions

- Products and services
- Resilience

With a commitment to materials innovation and a nationwide network, our products offer a solution to projects seeking to lower their environmental impact. Our externally verified Environmental Product Declarations ("EPDs"), which cover around 80 per cent of the Marshalls product range, give our customers comparable information on the sustainability performance of our products. Whether it's our integrated solar roofing system or our lower-carbon concrete bricks, our innovative raingarden kerbs or our water management and drainage systems, we provide sustainable product solutions. This is further supported by building and planning regulations that encourage the use of water management solutions and products that lower a building's embodied carbon and promote energy efficiency. The opportunity is clear and our group of businesses is well placed to realise synergies.

***Potential impact:* Increased product sales, brand preference, business unit and project synergies**

***Headline metric example:* Concrete brick 49% less carbon than clay brick (on a weight by weight basis)**

Meeting our carbon reduction targets

- Resource efficiency
- Energy source

Achieving our carbon reduction targets is an opportunity for Marshalls to transition to a net-zero world. Having now re-calculated our carbon reduction targets for the enlarged Group, we are looking at different ways to reduce our carbon footprint across the value chain. We have started to implement a new energy management system, invested in a new carbon reporting data platform and are actively investigating different fuels for our fleet of yellow plant vehicles. Our roadmap to net-zero is well underway, with carbon reduction activities planned in the short, medium and long term.

***Potential impact:* Brand preference, opportunities across the value chain, reduced costs from efficiencies, reputation**

***Headline metric example:* Performance against near and long-term science-based targets for carbon reduction**

Brand proposition

- Markets

The Marshalls brand is strongly supported by our ESG and sustainability credentials. The opportunity is in strengthening our position in order to be an attractive investment proposition. From a heritage in landscaping to an increasingly diversified group of businesses, Marshalls is evolving. Our 'Transform & Grow' strategy sets out clearly our intention to unlock our potential growth and value creation through leading brands delivering pioneering systems and solutions.

***Potential impact:* Brand preference, investment proposition, reputation**

***Headline metric example:* Inclusion in FTSE4Good, ESG ratings, inclusion on Europe's Climate Leaders list**

Task Force on Climate-related Financial Disclosures continued

Metrics and targets

***2024 progress:* Review of targets for risks and opportunities and publication of Scope 3 emissions**

The metrics we use to assess climate-related risks and opportunities are detailed on pages 47 and 48. As our climate strategy centres on achieving our newly approved Scope 1, 2, 3 and net-zero science-based targets, we also use metrics to measure absolute and relative emissions (see page 41), which are linked to Executive remuneration.

We have disclosed Scope 1 and 2 GHG emissions and, for the first time, our Scope 3 emissions. As reported in our 2023 disclosure, it was our intention to conduct a re-calculation exercise to incorporate Marley and Viridian Solar into our Group carbon emissions targets. This work was completed and targets for Scope 1, 2, 3 and net-zero have now been validated by the Science Based Targets initiative.

We have also carried out a project in 2024 to review our overall ESG metrics. These have been refined and discussed with the ESG Steering Committee. Our focus for 2025 is to put in place the processes required to collect appropriate data and begin the implementation of a new carbon accounting and ESG data platform.

Our approved science-based targets are aligned to 1.5°C and are supported by a roadmap. The current Group roadmap is subject to transitional challenges and dependent on new technologies. The way we run our operations will be impacted by our new targets as reaching net-zero will require new technology – for example, potential use of hydrogen and lower-emission fuel for our forklift trucks – as well as supplier engagement.

***2025 focus:* Progress transition plan roadmap and implement new ESG data platform**

Targets to 2024

Our targets to 2024 are outlined here in order to give an overview of the metrics and targets we have tracked to measure our environmental performance.

In 2024, our carbon reduction targets were reviewed as part of the integration of Marley and Viridian Solar into our environmental roadmap and the validation by the SBTi of our revised carbon reduction targets and, therefore, will be superseded by new targets in next year's reporting. For transparency, we state here our progress towards our environmental targets in the reporting year.

The measurement for our supplier emissions target is an internal estimate. This is based on the methodology used to calculate this when the target was set in 2019 and incorporates a small number of cement suppliers. As at 31 December 2024, 73 per cent of our suppliers by emissions have science-based targets as defined by the Science Based Targets initiative and displayed on the SBTi website.

Energy reduction in 2024 is significantly higher than the target. This is predominantly due to the move of our in-house logistics to a third party, as energy performance encompasses vehicle fuels.

The quantification and reporting of Marshalls' environmental data has been independently verified by BSI (except Scope 3). The verification activity has been carried out in accordance with ISO 14016:2020. Verification of Marley and Viridian Solar's data has been incorporated into this process and is now included in the verification.

Further information on our reporting parameters and methodology can be found in our Basis for Reporting Guide.

▶ **Basis for Reporting Guide: www.marshalls.co.uk/investor/results-reports-and-presentations**

Targets for 2024 (Marshalls business only)	Target type	Target year	Status (Marshalls business only)
59.4% reduction of relative Scope 1 and 2 emissions against a 2018 baseline (kg CO_2/tonne)	Intensity	2030 2025 target: 29% reduction	Achieved for 2024
50.5% reduction of absolute Scope 1 and 2 emissions against a 2018 baseline (tonnes CO_2e)	Absolute	2030 2025 target: 36% reduction	Achieved for 2024 Linked to MIP/BSP
73% of suppliers by emissions have science-based targets	Supplier engagement	2024	Achieved for 2024 2024 progress: 73% (internal estimate)
2.7% energy reduction year-on-year	Absolute	Ongoing	Achieved for 2024 2024 progress: 27% reduction
Zero waste to landfill	Absolute	2030	On target 2024 progress: 0.09%

Emissions data – Marshalls business only (tonnes CO_2e)

	2022	2023	2024
Marshalls target Scope 1 and 2	48,150	45,719	**43,289**
Marshalls Scope 1	36,232	32,590	**21,630**
Marshalls Scope 2 (market based)	63	35	**43**
Total	36,295	32,625	**21,673**
Reduction against target	11,855	13,094	**21,616**
Scope 2 (location based)	6,664	6,243	**6,261**

Emissions data – Marley (tonnes CO_2e)

	2022	2023	2024
Marley Scope 1	22,603	19,228	**15,333**
Marley Scope 2 (market based)	6	2,555	**3,194**
Total	22,609	21,783	**18,527**
Scope 2 (location based)	3,809	3,689	**3,215**

Financial Review

Justin Lockwood
Chief Financial Officer

Summary

- Group revenue reduction principally driven by Landscaping Products weakness in new housing and housing RMI, partially offset by revenue growth from Roofing Products
- Financial performance benefitted from decisive actions taken in 2023 to reduce costs and capacity
- Adjusted operating cash flow conversion was very strong at 106 per cent reflecting disciplined working capital management
- Robust balance sheet with a net debt reduction of £39.0 million and leverage of 1.5 times adjusted EBITDA

The Group delivered a resilient performance in 2024, limiting the reduction in adjusted PBT to 2 per cent in challenging markets and delivering a £39.0 million reduction in pre-IFRS 16 net debt.

Introduction

The Group delivered a resilient performance in challenging market conditions. Against this backdrop, revenue contracted by 8 per cent year-on-year but the impact was partially mitigated by decisive management actions taken in 2023 to reduce costs and lower finance charges. As a result, adjusted profit before tax reduced by two per cent to £52.2 million (2023: £53.3 million). The reported profit before tax includes adjusting items totalling £12.8 million (2023: £31.1 million). Our focus on managing cash and capital efficiently resulted in pre-IFRS 16 net debt reducing by £39.0 million to £133.9 million.

Alternative performance measures and adjusting items

The Group uses alternative performance measures ("APMs") which are not defined or specified under IFRS. The Group believes that these APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board and provide additional comparative information. Adjusting items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders.

Trading performance

Revenue

Group revenue in 2024 was £619.2 million (2023: £671.2 million), which represents a year-on-year reduction of 8 per cent. Group revenue by reporting segment is summarised below.

Analysis of revenue by segment	2024 £'m	2023 £'m	Change %
Landscaping Products	**268.3**	321.5	(17%)
Building Products	**164.6**	170.1	(3%)
Roofing Products	**186.3**	179.6	4%
Group revenue	**619.2**	671.2	(8%)

Adjusted operating profit and margins

Adjusted operating profit reduced by 6 per cent to £66.7 million (2023: £70.7 million) driven by lower demand in our key end markets which resulted in reduced gross profit. The impact of this on profitability partially offset the benefit of the decisive actions taken in 2023 to reduce capacity and the cost base. A summary of adjusted operating profit by segment is set out in the following table and commentary of each segment is set out on pages 21 to 23.

Analysis of adjusted operating profit by segment	2024 £'m	2023 £'m	Change %
Landscaping Products	**10.7**	21.3	(50%)
Building Products	**14.1**	12.2	16%
Roofing Products	**49.4**	44.9	10%
Central costs	**(7.5)**	(7.7)	3%
Adjusted operating profit	**66.7**	70.7	(6%)

The Group's adjusted operating margin increased by 0.3 percentage points to 10.8 per cent (2023: 10.5 per cent), which reflects higher margins in Roofing Products and Building Products, partially offset by a further reduction in Landscaping Product margins. This increase is summarised as follows.

Analysis of revenue by segment	Revenue £'m	Adjusted operating profit £'m	Margin impact %
2023	671.2	70.7	10.5%
Landscaping Products	(53.2)	(10.6)	(0.8%)
Building Products	(5.5)	1.9	0.4%
Roofing Products	6.7	4.5	0.6%
Central costs	—	0.2	0.1%
2024	**619.2**	**66.7**	**10.8%**

Financial Review continued

Trading performance continued

Adjusting items

Adjusted operating profit is stated after adding back adjusting items totalling £12.8 million (2023: £29.7 million) in accordance with the Group's accounting policy, as summarised in the following table.

	2024 £'m	2023 £'m
Amortisation of intangible assets arising on acquisitions	**10.4**	10.4
Transformation cost	**2.5**	—
Contingent consideration	**1.6**	1.6
Significant property sales	**(1.7)**	—
Impairment charges, restructuring costs and disposal of Marshalls NV	**–**	17.7
Adjusting items within operating profit	**12.8**	29.7
Adjusting items within net finance expenses	**–**	1.4
Adjusting items within profit before tax	**12.8**	31.1

Adjusting items in 2024 principally comprise the non-cash amortisation of intangible assets arising on the acquisition of subsidiary undertakings of £10.4 million (2023: £10.4 million). Transformation costs represent costs incurred in respect of the 'Transform & Grow' strategy. The contingent consideration charge of £1.6 million reflects the Directors' expectation for the final contingent consideration payment in respect of Viridian Solar based on the strong performance of that business. This was partially offset by a profit of £1.7 million generated on the disposal of a former manufacturing site. Details of the adjusting items arising in 2023 are set out at page 132.

Profit and loss account

The Group's profit and loss account from reported operating profit through to profit after taxation on both an adjusted and a reported basis is set out in the following table.

	Adjusted 2024 £'m	Reported 2024 £'m	Adjusted 2023 £'m	Reported 2023 £'m	Adjusted change %	Reported change %
Operating profit	**66.7**	**53.9**	70.7	41.0	(6%)	31%
Net finance costs	**(14.5)**	**(14.5)**	(17.4)	(18.8)	17%	23%
Profit before taxation	**52.2**	**39.4**	53.3	22.2	(2%)	77%
Taxation	**(11.7)**	**(8.4)**	(11.2)	(3.8)	(4%)	(121%)
Profit after taxation	**40.5**	**31.0**	42.1	18.4	(4%)	68%
Earnings per share – pence	**16.0**	**12.3p**	16.7p	7.4p	(4%)	66%

Net finance costs

Net finance expenses were £14.5 million (2023: £18.8 million and £17.4 million after deducting adjusting items). These expenses comprised financing costs associated with the Group's bank borrowings of £12.5 million (2023: £14.7 million), IFRS 16 lease interest of £1.7 million (2023: £2.5 million) and a pension related charge of £0.3 million (2023: £1.6 million and £0.2 million after deducting adjusting items). The reduction in adjusted net finance expenses in 2024 reflects the impact of the lower drawn borrowings and the derecognition of HGV leases under the logistics outsourcing arrangements entered into in the first half of the year.

Taxation

The adjusted effective tax rate was 22 per cent (2023: 21.0 per cent), reflecting the higher headline corporation tax rate partially offset by the benefit of a patent box arrangement. On a reported basis the effective tax rate was 21 per cent. The Group has paid £8.8 million (2023: £10.4 million) of corporation tax during the year.

For the eleventh year running, Marshalls has been awarded the Fair Tax Mark, which recognises social responsibility and transparency in a company's tax affairs. The Group's tax approach has long been closely aligned with the Fair Tax Mark's objectives and this is supported by the Group's tax strategy and fully transparent tax disclosures. Considering not only corporation tax but also PAYE and NI paid on our employee wages, aggregate levy, VAT, fuel duty and business rates, the Group has funded total taxation to the UK economy of £103 million (2023: £101 million) to the UK Government.

Earnings per share

Adjusted earnings per share was 16.0 pence in 2024 (2023: 16.7 pence), which represents a reduction of 4 per cent compared to 2023. Reported earnings per share was 12.3 pence (2023: 7.4 pence), which is lower than the adjusted performance due to the impact of the adjusting items and their tax effect.

Financial Review continued

Cash flow

The Board has continued to prioritise deleveraging within its capital allocation policy and has delivered a reduction in reported net debt of £48.3 million during the year. It has focused on efficiency and proactive working capital management, planned reductions in capital expenditure and selling surplus assets.

	2024 £'m	2023* £'m
Adjusted operating profit	**66.7**	70.7
Depreciation and amortisation	**31.1**	32.9
Adjusted working capital and other movements	**5.9**	6.5
Adjusting items paid	**(6.4)**	(5.5)
Adjusted cash generated from operations	**97.3**	104.6
Net finance expenses	**(11.7)**	(16.5)
Taxation	**(8.8)**	(10.4)
Adjusted cash flow from operating activities	**76.8**	77.7
Acquisition cash flows	**(2.6)**	(4.4)
Dividends	**(21.0)**	(31.6)
Net capital expenditure	**(7.2)**	(13.9)
De-recognition of leases	**24.4**	5.3
Other items	**(22.1)**	(14.1)
Change in net debt	**48.3**	19.0
Opening net debt	**(217.6)**	(236.6)
Closing net debt	**(169.3)**	(217.6)

* Table is represented in the prior year to reflect a reclassification of certain categories.

The Group reported a modest net cash inflow from working capital movements during the year which was driven by efficiency trade debtor and creditor management, partially offset by a planned build inventory ahead of the expected market recovery in 2025. Adjusting items paid principally relate to restructuring costs recorded in 2023 and settled in 2024 together with the payment of costs associated with the 'Transform & Grow' strategy. Adjusted cash flow conversion during the period was 106 per cent, which was in-line with the strong performance delivered in 2023. Net finance expenses paid were lower than 2023 due to a lower borrowings, which resulted in a lower interest charge in the profit and loss account, and the timing of interest payments. The reduction in tax cash flows reflects lower profitability and the timing of cash flows.

Acquisition cash flows in 2024 reflected a contingent consideration payment that was made in respect of the acquisition of Viridian Solar and a final payment of around £6.6 million is expected to be made in the first half of 2025. Dividend payments reduced to £21.0 million, which reflects a smaller final dividend payment in respect of 2023 than that paid in respect of 2022. Net capital expenditure of £7.2 million comprised a gross spend of £11.6 million partially offset the receipt of £4.4 million from the sale of surplus assets. The reduction in gross capital expenditure from the £20.8 million spent in 2023 was planned and reflects the completion of the dual block plant at St Ives in that year and the fact that the Group had no requirement for increased manufacturing capacity given the latent capacity across its manufacturing network. The lease de-recognition of £24.4 million in 2024 arose from the outsourcing of the Group's logistics function and the consequent novation of HGV leases.

Balance sheet

Total capital employed at December 2024 was £830.6 million, which represents a year-on-year reduction of £28.3 million. This reduction is due to the impact of amortising intangible assets arising on acquisition, depreciation of property, plant and equipment and reduced net working capital balances. The reduction in net working capital, reflected the efficiency of trade debtor and creditor management, partially offset by a planned increase in inventories.

	2024 £'m	2023 £'m
Goodwill	**324.4**	324.4
Intangible assets	**217.8**	227.5
Property, plant and equipment and right-of-use assets	**267.2**	291.1
Net working capital	**86.9**	91.0
Net pension asset	**24.1**	11.0
Deferred tax	**(81.6)**	(84.1)
Other net balances	**(8.2)**	(2.0)
Total capital employed	**830.6**	858.9
Reported net debt	**(169.3)**	(217.6)
Net assets	**661.3**	641.3

Goodwill and intangible assets

Goodwill is not amortised and subject to an impairment review on at least an annual basis. The latest review was conducted at December 2024 and this did not indicate an impairment of the asset. Details of this review are set out on pages 128 and 135 within the Financial Statements. Intangible assets principally comprise assets that arose on the acquisition of subsidiaries and software, and are amortised over their useful lives. The amortisation charge in 2024 totalled £12.1 million, and of this £10.4 million related to the amortisation of assets arising on acquisitions of subsidiaries which are accounted for as an adjusting item in the profit and loss account.

Pensions

The balance sheet value of the Group's defined benefit pension scheme (the "Scheme") was a surplus of £24.1 million (2023: £11.0 million). The amount has been determined by the Scheme's pension adviser using appropriate assumptions which are in line with current market expectations. The fair value of the scheme assets at 31 December 2024 was £228.3 million (2023: £250.4 million) and the present value of the scheme liabilities is £204.2 million (2023: £239.4 million). The total gain recorded in the Statement of Comprehensive Income net of deferred taxation was £10.0 million (2023: £7.4 million loss). The principal driver of the actuarial gain was an increase in AA corporate bond rate used to discount the Scheme's liabilities at December 2024, which reduced the current value of the liabilities. The defined benefit section of the Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is being carried out with an effective date of 5 April 2024. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions. The last formal actuarial valuation was carried out as at 5 April 2021 which resulted in a surplus of £24.3 million, on a technical provisions basis, which was a funding level of 107 per cent. A triennial review as at 5 April 2024 is currently underway and, based on information to date, the Company does not expect cash contributions to be payable following its finalisation.

Financial Review continued

Debt funding

Debt funding is summarised in the following table.

	2024 £'m	2023 £'m
Net borrowings on a pre-IFRS 16 basis	**(133.9)**	(172.9)
Leases	**(35.4)**	(44.7)
Reported net debt	**(169.3)**	(217.6)

Reported net debt was £169.3 million at 31 December 2024 (2023: £217.6 million), including £35.4 million (2023: £44.7 million) of IFRS 16 lease liabilities. On a pre-IFRS 16 basis, net debt was £133.9 million (2023: £172.9 million). The total bank facility at December 2024 was £315 million, comprising a £155 million term loan and £160 million revolving credit facility, with the majority of it maturing in April 2027. The Board repaid £55 million of the term loan during 2024 in order to ensure the efficient management of borrowings and finance expenses. The Group's revolving credit facility of £160 million was undrawn at the year end (2023: £nil), which, together with the reduced term loan, provides the Group with significant liquidity to fund its strategic and operational plans going forward.

The facility is charged at variable rates based on SONIA, plus a margin and interest rate hedging is in place at a SONIA rate of around 3 per cent for £110 million of nominal borrowings for various durations out to October 2026. The Group's bank facilities continue to be aligned with the strategy to ensure that headroom against available facilities remains at appropriate levels and is structured to provide balanced and committed medium-term debt.

At December 2024, on an adjusted, pre-IFRS 16 pro forma covenant test basis and after adding back the impact of adjusting items, the relevant ratios were achieved comfortably and were as follows:

- EBITA: interest charge – 6.1 times (covenant test requirement – to be greater than 3.0 times)
- Net debt: EBITDA – 1.5 times (covenant test requirement – to be less than 3.0 times)

Return on capital employed

	2024 £'m	2023 £'m
EBITA	**68.4**	72.4
Capital employed	**830.6**	858.9
Adjusted ROCE	**8.2%**	8.4%

Adjusted ROCE was 8.2 per cent (2023: 8.4 per cent) with the year-on-year reduction arising from the impact that weak demand had on business volumes and profitability. We expect adjusted ROCE to increase progressively in the medium term to around 15 per cent as volumes recover and we successfully execute the 'Transform & Grow' strategy.

Capital allocation policy

Marshalls continues to recognise the three guiding principles of security, flexibility and efficiency in the determination of its capital structure. The Group's optimal capital structure supports the Group's current strategic objectives, but also reflects the economic background and the cyclical nature of the construction sector. The Group's capital allocation policy is to maintain a strong balance sheet and flexible capital structure and the key elements are:

1. Invest in organic growth opportunities – the Board expects to invest between £20 and £30 million in capital expenditure a year to finance the 'Transform & Grow' strategy
2. Invest to enhance the Group's competitive advantage – this will be focused on leading brands, best-in-class technical and design support and carbon leadership
3. Maintain dividend cover of two times adjusted earnings – the proposed final dividend of 5.4 pence per share (2023: 5.7 pence) is in line with this policy
4. Focus on deleveraging the balance sheet – the Board aims to maintain leverage within a range of 0.5 and 1.5 times EBITDA to provide optimal balance sheet flexibility (2024: 1.45 times)
5. Consider sensitive bolt-on M&A opportunities to support the execution of the strategy

Going concern

In assessing the appropriateness of the adopting the going concern basis in the preparation of the Annual Report, the Board has considered the Group's financial forecasts and its principal risks for a period of at least twelve months from the date of this report. The forecasts included projected profit and loss, balance sheet, cash flows, headroom against debt facilities and covenant compliance. The financial forecasts have been stress tested in downside scenarios to assess the impact on future profitability, cash flows, funding requirements and covenant compliance. The scenarios comprise a more severe economic downturn (which represents the Group's most significant risk) than that included in the base case forecast, and a reverse stress test on our financial forecasts to assess the extent to which an economic downturn would need to impact on revenues in order to breach a covenant. This showed that revenue would need to deteriorate significantly from the financial forecast and the Directors have a reasonable expectation that it is unlikely to deteriorate to this extent. The Group's Viability Statement can be found on page 56.

Details of the Group's funding position are set out in Note 20. The Group has a syndicated bank facility of £315 million that principally matures in April 2027, having repaid £55 million of the original £370 million facility during 2024. At 31 December 2024, £160 million of the facility was undrawn. There are two financial covenants in the bank facility that are tested on a semi-annual basis and the Group maintains good cover against these with pre-IFRS 16 net debt to EBITDA of 1.5 times (covenant maximum of three times) and interest cover of 6.1 times (covenant minimum of three times).

Taking these factors into account, the Board has the reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future (a period of at least twelve months) and, for this reason, the Board has adopted the going concern basis in preparing this Annual Report.

Justin Lockwood
Chief Financial Officer
17 March 2025

Effective risk management

We recognise that effective risk management and internal control are fundamental to helping to protect shareholder value and deliver our strategic objectives.

The Board plays a central role in the Group's risk management process which covers all forms of strategic, operational and financial risk.

Achievements in 2024

Marshalls is exposed to a wide range of risks that, should they materialise, could have a detrimental impact on our financial performance, reputation or operational resilience. There continue to be external risks and significant volatility in UK and world markets driven by conflicts around the world, and the impact of a change in the UK Government. In addition to the macro-economic environment, the key risks for the Group continue to be cyber security, climate change and other ESG related issues. All these areas are considered in more detail on pages 57 to 64. In all these cases, specific risk assessments continue to be reviewed and certain new operating procedures developed, such as developing flood resilience strategies. Mitigating controls continue to be reviewed as appropriate. The Group's risk function has placed particular emphasis on the following areas during the year:

- The Group has set out a clear 'Transform & Grow' strategy for delivering market outperformance in the medium term across its portfolio of market leading businesses. This strategy is based on a robust assessment of the expected market drivers and trends in the UK construction industry
- The Group's internal financial controls review resulted in further development of financial control Risk and Control Matrices ("RACMs") and the extension to non-financial control RACMs ahead of changes to corporate governance rules from 2026
- Cyber risk has continued to be a major focus in light of increasing external threats. Ongoing reviews, with additional resource, continue to be undertaken using both internal and external specialists. Practical support and guidance, together with additional cyber security training, continue to be a priority

The Group completed a number of targeted internal audit projects during 2024 covering the following areas:

- Microsoft Dynamics 365 implementation
- Continued support on the project to review the Group's financial control environment
- Lease management process
- Safety, strategy, compliance and incident response

The internal audits include "risk-based" audits, identified as a result of assessing the Group's key risks. They also include audits identified to cover key operational, financial, IT and regulatory areas subject to routine cyclical coverage.

Priorities for 2025

The priorities for the Group's risk function in 2025 include the following areas:

- The completion of a number of targeted projects will again be a major focus for the Group. In 2025, projects are expected to cover supply chain ethics and resilience, delegation of authority, IT systems and controls
- Continuing to support the Group's control improvement project to review the Group's internal control environment

Risk Management and Principal Risks continued

Approach to risk management

Risk management is the responsibility of the Board and is a key factor in the delivery of the Group's strategic objectives. The Board establishes the culture of effective risk management and is responsible for maintaining appropriate systems and controls.

The Board sets the risk appetite and determines the policies and procedures that are put in place to mitigate exposure to risks. The Board plays a central role in the Group's risk review process, which covers emerging risks and incorporates scenario planning and detailed stress testing.

Process

There is a formal ongoing process to identify, assess and analyse risks, and those of a potentially significant nature are included in the Group Risk Register.

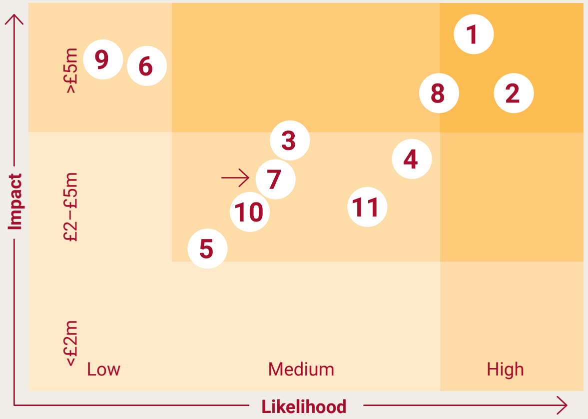
The Group Risk Register is updated by the Executive Team at least every six months and the overall process is the subject of regular review by the Board. Risks are recorded with a full analysis, and risk owners are nominated that have authority and responsibility for assessing and managing the risk. KPMG LLP, as the Group's internal auditor, attends the risk review meetings alongside Deloitte LLP, the Group's external auditor. The process continues to be a robust mechanism for monitoring and controlling the Group's principal risks, and for challenging the impact of new emerging risks. All risks are aligned with the Group's strategic objectives, each risk is analysed in terms of likelihood and impact to the business and the determination of a "gross risk score" enables risk exposure to be prioritised.

The Group seeks to mitigate exposure to all forms of strategic, financial and operational risk, both external and internal. The effectiveness and impact of key controls are evaluated, and this is used to determine a "net risk score" for each risk. The process is used to develop detailed action plans that are used to manage, or respond to, the risks, and these are monitored and reviewed on a regular basis by the Group's Audit Committee and the Board.

The Group has a formal framework for the ongoing assessment of operational, financial and IT-based controls. The overriding objective is to gain assurance that the control framework is complete and that the individual controls are operating effectively. This assurance will be enhanced in response to the FRC's change to the Corporate Governance Code that becomes effective from January 2026.

Risk heatmap (net risk scores)

1 Macro-economic and political
2 Cyber security threats impacting business operations
3 Security of raw material supply/raw material and labour shortages
4 Impacts of climate change
5 Human rights
6 Threat from new technologies and business models, and the increased pace of digital change in the market
7 Corporate, legal and regulatory
8 Competitor activity
9 Project delivery
10 Health and safety
11 People risks



Risk management framework

The Board:
- Determines the Group's approach to risk, its policies and the procedures that are put in place to mitigate exposure to risk

The Audit Committee:
- Has delegated responsibility from the Board to oversee risk management and internal controls
- Reviews the effectiveness of the Group's risk management and internal control procedures
- Monitors the effectiveness of the internal audit function and the independence of the external audit

Executive Directors:
- Are responsible for the effective maintenance of the Group's Risk Register
- Oversee the management of risk
- Monitor risk mitigation and controls
- Monitor the effective implementation of action plans

Internal audit:
- Independently reviews the effectiveness of internal control procedures
- Reports on effectiveness of management actions
- Provides assurance to the Audit Committee

Operational managers:
- Are responsible for the identification of operational and strategic risks
- Are responsible for the ownership and control of specific risks
- Are responsible for establishing and managing the implementation of appropriate action plans
- Are responsible for the impact of controls (net basis)

Risk Management and Principal Risks continued

Approach to risk management continued

Risk appetite

The Group is prepared to accept a certain level of risk to remain competitive, but continues to adopt a conservative approach to risk management. In assessing risk appetite, the aim is to ensure that internal controls and risk mitigation measures are designed to reduce the net risk score to a point that aligns with the identified risk appetite. The aim is to ensure that we continue to channel resources to those mitigation measures and controls that specifically reduce risk to areas where we have a net risk score that lies outside our acceptable risk appetite. The risk framework is robust and provides clarity in determining the risks faced and the level of risk that we are prepared to accept. Marshalls' strategies are designed to either treat, transfer or terminate the source of the identified risk.

Viability Statement

After considering the principal risks on pages 57 to 64, the Directors have assessed the prospects of the Group over a longer period than the period of at least twelve months required by the "going concern" basis of accounting. The Directors consider that the Group's risk management process satisfies the requirements of Provision 31 of the UK Corporate Governance Code.

The Board considers annually, and on a rolling basis, a strategic plan, which is assessed with reference to the Group's current position and prospects, the strategic objectives and the operation of the procedures and policies to manage the principal risks that might threaten the business model, future performance and target capital structure. In making this assessment, the Board considers emerging risks and longer-term risks and opportunities.

The aim is to ensure that the business model is continually reviewed to ensure it is sustainable over the long term. Security, flexibility and efficiency continue to be the guiding principles that underpin the Group's capital structure objectives. The Group's funding strategy is to ensure that headroom remains at comfortable levels under all reasonable planning scenarios.

For the purposes of the Viability Statement, the Board continues to believe that three years is an appropriate period of assessment as this aligns with the current planning horizon. Although our central forecasting models cover a five-year period, it remains the case that there is less visibility beyond three years. The Construction Products Association's ("CPA") forecasts currently go out to 2026. This remains compatible with the five-year strategy and the longer-term objectives for our strategic growth pillars over a five-year period. The Group's financial forecast includes an integrated model that incorporates the income statement, balance sheet and cash flow projections.

The detailed stress testing reflects the principal risks that could impact the Group and could conceivably threaten the Group's ability to continue operating as a going concern. The assessment concluded that the deteriorating macro-economic environment is the key risk for this purpose and, in response to this, two scenarios have been run, namely a "reasonable worst-case scenario" and a "reverse stress test".

The reasonable worst-case scenario comprises a significant stress test sensitivity run against the base case model. This sensitivity reflects a scenario that is worse than the assumptions in the CPA's lower scenario from the 2024/2025 winter forecast. This scenario results in a cumulative revenue reduction of 5 per cent during 2025 and 2026 against the base case forecast. An operating 'drop-through' rate has been applied based on the operational gearing of each business unit. Under the downside model, pre-IFRS 16 is forecast to be c.£136 million at the end of 2025, and bank covenants are still comfortably met. The net effect of reduced operating profit and increased interest is mitigated by reduced tax and dividend cash flows. There remains comfortable headroom against bank facilities and bank covenants are still comfortably met with the pre-IFRS 16 net debt to adjusted EBITDA covenant peaking at around 1.7 times in June 2025.

In practice, under such a downside scenario the Group could instigate certain mitigation measures to reduce costs and capacity and to manage cash throughout the viability period, to December 2027.

For the purpose of the going concern assessment, we have applied a reverse stress test scenario to identify a deeper downside trading position that would give rise to a covenant breach. Against the base budget revenue, a reduction of 21 per cent alongside an operating profit "drop through" of around 40 per cent would be required during 2025 to breach a covenant at 31 December 2025. This is after assuming a reduction in capital expenditure and pausing dividends. This reverse stress test scenario reduces revenue by approximately £145 million during 2025. In this scenario, there remains reasonable headroom against bank facilities, but EBITA: finance costs would breach the covenant maximum of three times at December 2025.

In undertaking its review, the Board has considered the appropriateness of any key assumptions, considering the external environment and the Group's strategy and risks. Based on this assessment, and taking account of the Group's principal risks and uncertainties, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the next three years.

The reverse stress test scenario provides an indication of the scale of downturn that could be absorbed by the Group. The analysis provides the required evidence that the Directors' assessment of the going concern assumption remains appropriate and supports a positive conclusion for the longer-term Viability Statement.

Risk Management and Principal Risks continued

Principal risks and uncertainties

The Directors have undertaken a robust, systematic assessment of the Group's emerging and principal risks. These have been considered within the timeframe of three years, which aligns with our Viability Statement on page 56. The risk process has increasingly allocated greater focus on emerging risks and risk outlook. The reporting includes more detailed assessments of proximity (how far away in time the risk will occur) and velocity (the time that elapses between an event occurring and the point at which the effects are felt).

Links to corporate pillars

- Shareholder value
- Sustainable profitability
- Relationship building
- Organic expansion
- Brand development
- Effective capital structure and control framework

▶ **Read more about our strategy on pages 13 and 14**

Impact on business model

- Source
- Manufacture
- Distribute
- Customers

▶ **Read more about our business model on page 17**

1. Macro-economic and political

Nature of risk and potential impact

- The Group is dependent on the level of activity in its end markets within the UK construction industry
- Consequently, it is susceptible to economic downturn, the impact of UK Government policy and volatility in UK and world markets
- The recent change in UK Government has the potential to have an impact on the Group's end markets through spending priorities and changes in fiscal policy
- Continued volatility in geopolitical factors (for example, war in Ukraine and the Middle East or trade wars arising from the implementation of tariffs) poses further risks to the UK economy
- An escalation of trade wars
- Weak market demand compresses profit pool in sector, which results in increased credit risk in customer base

Potential impact

- Potential reduction in consumer and business confidence leading to reduction in demand and lower activity levels
- This could lead to an adverse effect on the Group's financial results and the need to take further action to manage costs, which may impact on delivering the Group's strategic priorities
- A continuation of market volatility and global uncertainty, along with a prolonged period of normalised interest rates and higher inflation, could lead to disrupted markets over a more sustained period with pressures on liquidity and profitability

Key risk indicators

- Industry forecasts, reductions in consumer confidence and in order pipeline vs expectations and peers
- Failure of Government to contain interest rate increases and cost inflation
- An escalation of the war in Ukraine and the Middle East and other increased global uncertainty
- Signs of credit risk stress in our supply chain

Links to corporate pillars

Mitigating factors

- The Board has set out a clear 'Transform & Grow' strategy for delivering market outperformance in the medium term across its portfolio of market leading businesses. This strategy is based on a robust assessment of the expected market drivers and trends in the UK construction industry
- The Group closely monitors trends and lead indicators, invests in market research and is an active member of the CPA
- The Group regularly reviews its financial performance and financial position and prepares financial projections on a wide range of scenarios. Action is taken following evaluation of these scenarios to make changes to our business including managing costs and cash flow
- Use of credit insurance and constant monitoring of uninsured balances

Impact on business model

Change

No change in risk

The UK construction market volumes are expected to return to growth in 2025 with stronger medium-term prospects due to a cyclical recovery and structural drivers of demand. Lower inflation and interest rates are expected to support increased demand for new housing and result in an improvement in consumer confidence that will be positive for housing RMI.

Priorities

- Maintaining our strong levels of diversification to ensure we remain as resilient as possible to individual market forces

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

2. Cyber security threats impacting business operations

Nature of risk and potential impact
- Fast growing and indiscriminate risk of a cyber attack that impacts on business operations
- Inadequate controls and procedures over the protection of intellectual property, sensitive employee information and market influencing data
- Failure to improve controls quickly enough, given rapid pace of change
- Heightened risk as IT is increasingly integrated into all business processes including risks to the industrial network
- AI has made attacks even more sophisticated and harder to spot

Potential impact
- Operational disruption and financial loss – failure to manufacture and distribute product to satisfy customer demand
- Fraud, denial of trade and loss of sensitive data – financial and reputational risk/damage to the brand
- Risk of fines from external bodies

Key risk indicators
- Emergence of new cyber security risks including more sophisticated AI-based attacks
- More data security breaches in the wider market, and particularly in construction
- Alerts have been issued by the NCSC asking UK companies to bolster their defence mechanisms

Mitigating factors
- Cyber security team in place overseeing and managing the threat landscape. We have put in place IT security policies and technology to manage, detect and respond to threats
- Regular cyber security risk audits by independent third parties are in place
- Continuous employee awareness through training
- Business continuity plans are in place
- Cyber insurance to cover business interruption, loss of earnings and response services

Change

No change in risk
- Marshalls' cyber maturity assessment has continued to improve – although cyber risk has continued to increase
- We are witnessing more incidents, particularly in construction and increasingly in relation to ransomware
- The cyber control environment in Marley is not as mature as that of Marshalls and is an area of focus

Priorities
- Adopt and follow the principles and guidelines laid out in ISO 27001 and adopt other guiding standards in this area
- Improve our cyber security response plans and identify and rectify any gaps with the development of robust playbooks
- Alignment of controls in Viridian Solar

Links to corporate pillars

Impact on business model

3. Security of raw material supply/raw material and labour shortages

Nature of risk and potential impact
- Construction materials often originate from naturally occurring minerals which are finite and in fixed locations
- Geopolitical tensions raise the stress in supply chains through availability or inflationary pressures which impact material availability
- There continue to be market capacity stresses at category level
- In the medium term there is a risk of "carbon taxation" (CBAM) on high embedded carbon materials – e.g. cement/GGBS/ceramics imported to level up pricing with the UK
- Shortage of qualified labour in certain areas

Potential impact
- Cost inflation or interruption of supply could lead to customer dissatisfaction and reduce demand and margins

Key risk indicators
- Temporary supply shortages
- Cost inflation, impacting materials and labour
- Decreases in labour availability and skills shortages
- Geopolitical activity/tariff implementation impacting global supply and competition
- Severe weather events

Mitigating factors
- Centralised procurement team
- The Group benefits from the diversity of its business and end markets
- Dual sourcing supplier strategy wherever possible
- Maintaining adequate, but not excessive, stocks
- Collaboration with all EU-based Tier 1 and Tier 2 suppliers to ensure any supply risks are minimised
- Re-engineering product mix designs to engineer out materials that are: 1) difficult to source; 2) strategically compromised; and/or 3) expensive. Consideration of alternative technologies including the reduction of cement content
- The digitalisation of the supply chain through the use of best-in-class supply relationship management system
- Focus on supplier relationships, fixed pricing agreements, flexible contracts and long-term supply agreements. Use of sales pricing and purchasing policies to mitigate risk

Change

No change in risk
- Continued weak demand has led to reduced availability issues, although cost inflation remains a feature in some categories
- The risk of temporary shortages is mitigated by proactive supply chain management and the use of alternative suppliers

Priorities
- Increase productivity and manufacturing efficiency
- Aggregate blending to reduce reliance on single points of failure
- Acceleration of mix redesigns to focus on carbon reduction and improved availability especially around cement and cement substitutes – investment in low-carbon substitute materials
- Retain importation options as a back up to domestic supplies

Links to corporate pillars

Impact on business model

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

4. Impacts of climate change

Nature of risk and potential impact

- Increasingly unpredictable weather conditions and extreme weather events
- Increased incidence of flooding now and in the future, as well as likely increase of water stress. Major climate change impacts more likely in the overseas supply chain
- The long-term implications of climate change give rise to the transition risk of not addressing the challenges quickly enough
- Significant increase in level of climate-related disclosure requirements
- Specific targets for the SBTi now verified and will need reporting on annually. Action is needed to reach ambitious Scope 1, 2 and 3 and net-zero targets

A summary of more specific environmental risks is included in the ESG section on page 47.

Potential impact

- Disruption to supply chain and operations that might reduce short-term activity levels
- Operational difficulties at manufacturing sites due to flooding and droughts
- Damage to product
- Financial risk caused by adverse impact on margins and cash flows as well as sales and production volumes
- Potential difficulties with compliance relating to environmental consents, e.g. surface water discharge
- Reputational and compliance related impact of not fulfilling our commitments

Key risk indicators

- Prolonged periods of bad weather which make ground working difficult or impossible
- Site shutdowns or delays to production and/or supply of product to the customer
- Failure to meet externally published near and long-term targets leading to negative feedback from stakeholders

Mitigating factors

- Diversity of the business and nationwide coverage
- Centralised specialist functions to support mitigation plans and the management of relationships on commercial contracts
- Climate change risk analysis in place and clear carbon/ climate action
- Clear ESG governance structure and reporting processes in place
- Specialist third parties including the Carbon Trust (science-based targets data and analysis), Verisk Maplecroft (climate data for TCFD/CFD reporting) and BSI (environmental data verification)
- The development of the Group's Water Management business and the continuing focus on new product developments
- Roadmap for carbon reduction projects is regularly updated, plotting carbon reduction levers against spend requirements for each financial year

Change

No change in risk

- Weather conditions continue to be closely monitored but are beyond the Group's control
- Focus from stakeholders on ESG approach remains but risk is further mitigated by new governance structure and strategy

Priorities

- Continue to develop flood resilience strategies
- Completion of site flood risk assessments to identify sites that are potentially at risk of flooding and drought in the short term
- Focus on robust transition plan to support revised science-based targets
- Ongoing assessment of climate change and risks for production, facilities, products and distribution
- Controls needed to support ESG reporting in line with increased scrutiny over ESG data and credentials
- Engagement with key cement suppliers to encourage collaboration and communication around Scope 3 target

Links to corporate pillars

Impact on business model

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

5. Human rights

Nature of risk and potential impact

- Lack of visibility of human rights risks within supply chain
- Increasing commercial, legislative and investor pressure to identify, manage and evidence ethical interventions through internal systems, processes and procedures
- Erosion of influence/control over suppliers due to low or falling volumes and changing contract terms
- Corruption and Government failure to enforce local laws in high-risk jurisdictions undermining basic principles of decent work and ethical labour
- Use of forced labour sanctioned by some states, through protected and hidden processes
- Media reports and NGO exposés of human rights abuses targeting specific products, sectors or regions. Potential commercial, reputational or legal implications and damage to brand

Potential impact

- Stakeholders could reduce support if the Group fails to address issues around modern slavery
- Inability to deliver on brand promise leading to loss of customer/consumer confidence
- Failure to make tender lists if basic due diligence requirements are not met, particularly if there is no external verification or accreditation of our activity
- Test prosecutions from activist lawyers who want to "make an example"

Key risk indicators

- Negative feedback from stakeholders – loss of business and investment
- Unwillingness/inability to report on instances of modern slavery/forced labour and mitigation
- Reducing ratings
- Disbarment from public sector tender lists

Mitigating factors

- Experienced, specialist staff to support development of a comprehensive strategy
- Regular internal cross-functional meetings to discuss progress, issues and focus areas
- Specific supply chain human rights training for entire procurement team annually
- Annual anti-slavery awareness training
- Regular analysis of sourcing country risk: high-risk supply chains mapped to multiple tiers
- Viridian Solar audit programme for Tiers 1 and 2 and engagement with industry
- Engagement with external organisations including UN Global Compact
- Focus on ethical sourcing processes within new BES 6001 framework

Change

No change in risk

- Continued focus from stakeholders, Government, customers and investors and increased operational and reporting requirements

Priorities

- Develop and maintain strategic partnerships, including UN Global Compact together with UK and overseas Governments, NGOs and industry groups
- Develop systems for data collection and analysis
- Continue audit strategy for high-risk supply chains

Links to corporate pillars

Impact on business model

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

6. Threat from new technologies and business models, and the increased pace of digital change in the market

Nature of risk and potential impact

- The introduction of new technological products that are a direct replacement for existing “traditional” Marshalls products, or the introduction of substitutes that solve the same problem/solution as existing products in a different way, both potentially leading to a reduction in demand
- Changes to the market channels or logistics models by new entrants and disrupters
- Digital and technological advancements that result in new apps or software that differentiate the service or product proposition, including the potential for lower-cost manufacturing capabilities or lower cost to serve

Potential impact

- Increased competition could reduce volumes and margins on traditional products
- Increased costs and production capacity tied up in redundant technologies
- Risk that a new third party could use emerging digital technology to enter the market and transition more quickly and effectively
- Market change from new solutions and technologies ready to lower prices, leading to loss of control and commoditisation

Key risk indicators

- Less demand for traditional products and routes to market
- Emergence of new competitors and new digital business models
- More widespread availability of artificial intelligence technology

Mitigating factors

- Good market intelligence and ongoing monitoring of competitive threats
- Flexible business strategy able to embrace new technologies
- Significant focus on R&D and NPD. Application of low-carbon technology to the Group’s full concrete product range is expected to create a strong commercial advantage in the medium term
- Specification strategy keeps us close to the decision makers in our value chains
- Investment in design tools to help deliver the Group’s best-in-class technical and design support

Change

No change in risk

- The ongoing diversification of the business, the continued development of the Group’s brands and the focus on new products and greater manufacturing efficiency continue to mitigate the risk
- The pace of digital change in the market continues to increase although this is balanced by a challenging outlook

Priorities

- Focus on cost reduction and projects that improve business flexibility and agility to respond to cyclical changes in demand
- A focus on the ease of doing business will drive improvement activity

Links to corporate pillars

Impact on business model

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

7. Corporate, legal and regulatory

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Inadvertent failure to comply with significantly increased governance, legislative and regulatory requirements • Exposure heightened by business complexity and increasingly complex law and regulation • Impact of an unexpected reputational event, e.g. an issue in the supply chain or due to a health and safety incident, media or NGO exposé on a sector, region or supplier *Potential impact* • Significant increases in the penalty regimes across all areas of the business could lead to significant fines and/or prosecution in the event of a breach • Such incidents could lead to prosecutions and increased costs and have a negative impact on the Group's reputation and share price	• Increased regulatory and compliance requirement • Reputational harm and associated share price impact of major incidents or compliance failures	• Centralised legal and other specialist functions, the use of specialist advisers and ongoing monitoring and mandatory compliance training programmes • Regular reviews of policies and procedures • Regular compulsory training (e.g. data protection, modern slavery, bribery and corporate criminal offence) • Group sustainability strategy focusing on impact reduction • The Group employs compliance procedures, policies, ISO standards and independent audit processes which seek to ensure that local, national and international regulatory and compliance procedures are fully complied with • The Group uses professional specialists covering carbon reduction, water management and biodiversity	*Increase in risk in last twelve months* • In the near term new governance code, listing rules and sustainability reporting requirements need to be addressed. The change in Government is likely to drive further change in the medium term. Legal and regulatory will require management focus and robust compliance procedures within all areas of the business *Priorities* • Continue to renew all compliance processes and control effectiveness with the support of the Executive and Momentum Teams, drive greater cross-functional/team collaboration and awareness to increase early-stage engagement with the legal team • Develop stress tests and crisis planning procedures
	Links to corporate pillars	**Impact on business model**	

8. Competitor activity

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Marshalls is market leader in certain product areas but there is a risk that if the Group's price premium is too high, growth will suffer as competitors' sales may increase • Concentration of sales with few but large and material customers • Competition centres around range, price, quality and service. Competitive risk increases if we fail to maintain high levels of customer service. There is a risk of losing customers if the Group is overly complex to deal with. *Potential impact* • Increased competition could reduce volumes and margins on manufactured and traded goods • Poor customer insight could result in lower revenues at lower prices. Failure to deliver service in line with customer expectation (both market and wider norms) will also affect customer perception • Reputational damage and consequential financial impact if Group loses competitive advantage	• Entrance of new low-cost competitors and new technologies • Less demand for traditional products and the increased emergence of new digital models and product solutions • Loss of market share • Brand health • Customer experience scores • Margins under pressure	• Regular monitoring of customer performance, proactive management of customer deals and regular interaction to maintain customer intimacy • External market intelligence, CPA, ABI Barbour, etc., in order to understand the upcoming periods better so that the Group can prepare and strategise accordingly • The Group focuses on quality, service, reliability and ethical standards alongside its independently verified ESG credentials, which differentiate Marshalls Group from competitor products. Monitoring of brand health, customer experience and market share data with agile response to trends • The Group has a continuing focus on new product development in response to the market wants and needs • The continued development of the Group's digital strategy • Refresh of Group strategy in order to refocus the business on the key priorities and growth opportunities	*No change in risk* • Confirmed risk that competitors accept lower margin putting pressure on the Group to reduce price *Priorities* • Redevelopment of the Group strategy, vision and purpose to refocus the organisation • Re-engage with customers to maintain and protect relationships and trading deals • Develop plan to reduce unit cost to the lowest levels, whilst providing flexibility and resilience of response to market needs • Reduce complexity within the business and focus on simplifying our processes and being easier to deal with • Maintaining existing supplier relationships whilst exploring new supplier relationships to ensure continuity of supplies at the most competitive rates
	Links to corporate pillars	**Impact on business model**	

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

9. Project delivery

Nature of risk and potential impact

- Ineffective management of major development projects, from initial scoping to final delivery and benefits management, due to constraints that may impact the Group's ability to absorb change
- The speed of change leads to increasing pressure on the business and challenges our ability to manage and stress test all aspects of our business model
- Failure to realise expected benefits from strategic business projects
- Ineffective prioritisation results in the Group trying to deliver too much change with insufficient resource

Potential impact

- The extent and complexity of numerous planned business initiatives cause delays and inefficiency
- The Group fails to optimise profitable growth from executing its strategic plans
- Reputational damage, cost over-runs, service under-delivery and staff retention risks

Key risk indicators

- Delays to project delivery
- Inefficiencies in resource utilisation
- Cost and time over-runs on projects

Mitigating factors

- Change management framework and governance in place
- Robust and standardised project appraisal processes
- Programmes are continually reviewed with strong governance of all major strategic business projects, with third-party specialist assurance utilised as required. This includes executive oversight and project specific steering committees
- Assessment of investment appraisals to ensure capital allocation achieves the optimum return for the Group

Change

No change in risk

- Managing change programmes alongside business challenges creates risk of trying to deliver too much change
- Development in risk profiling procedures leading to improved root cause analysis

Priorities

- Strong prioritisation of resources to support key change projects

Links to corporate pillars

Impact on business model

10. Health and safety

Nature of risk and potential impact

- Unexpected health and safety incident, possibly caused by human error or the actions of a subcontractor
- High-risk activities that if uncontrolled may lead to a serious injury
- Welfare and mental health of employees

Potential impact

- Risk of harm to all stakeholders, including on-site employees and subcontractors
- Major workforce accident. Death, or significant injury, leading to corporate manslaughter charge/prohibition notice on plant
- New penalty regime is significantly more onerous. Increased risk of significant economic penalty, prosecution and reputational damage

Key risk indicators

- Significant increases in the penalty regime
- Increase in HSE contravention notices

Mitigating factors

- Centralised specialist functions and clear policies in place
- Group-wide health and safety strategy
- Regular communication and support for employees. Large number of mental health first aiders covering the whole network
- A digital management system for enhanced data collection and analysis
- Ongoing monitoring, training and health and safety audits
- IOSH Managing Safely training for managers
- Improved accident investigations leading to better understanding of root causes and relevant treatment
- New crisis management/BCP process
- Preventative maintenance for work equipment and machinery
- Integrated health and safety structure
- Fair and just approach implemented to understand human failures

Change

No change in risk

- Health and safety continues to be a high-risk profile area

Priorities

- Continuing mental health and employee welfare challenges

Links to corporate pillars

Impact on business model

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

11. People risks

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Manager capability – ability to cope with ambiguity and change remain evident • Diversifying our workforce and future proofing for skills and capabilities • Attraction and retention *Potential impact* • Inability to recruit and retain people with required skills, calibre and potential • Risk of reduced skills and inadequate training potentially leading to reduced productivity and efficiency • Lack of talent to drive the business forward • Implications for employee health and wellbeing and overall workforce morale and capability • Potential risk to the Group's brands	• Absence and turnover trends • Reducing employee engagement scores • Employee relations	• Prioritise supporting the business as it implements the 'Transform & Grow' strategy • Strong communication channels and employee feedback through the Employee Voice Group • Regular feedback questionnaires supported by third-party provider, "Your Voice" • Independent "Safecall" helpline for employees to report serious concerns • Ongoing focus and commitment to training, apprenticeships and staff development • Manager capability and development programmes • Review of pay and benefits against industry and other such peers	*No change in risk* • Reduced investment in people development could lead to higher attrition • Risk of losing talented people *Priorities* • Deliver the manager development programme and support the Momentum Team development • Develop strategies and plans for HIPOs • Continued focus on succession planning • Continue with focus on communications
	Links to corporate pillars	**Impact on business model**	

Non-financial and Sustainability Information Statement

As required by the Companies Act 2006, the table below sets out where the key content requirements of the Non-financial and Sustainability Information Statement can be found within this document (or required by Sections 414CA and 414CB of the Companies Act 2006).

Reporting requirements	Relevant policies	Section within Annual Report
Approach to climate change	TCFD and CFD disclosures	TCFD and CFD (pages 43 to 49)
	SECR disclosure	SECR (pages 41 and 42)
Environmental matters	Environmental Policy*	ESG strategy (pages 32 and 33)
	Energy and Climate Change Policy*	Sustainability commitments relating to the environment (pages 40 to 42)
	Transport Policy	
Social	Code of Conduct*	Responsible business (page 32)
	Corporate Responsibility and Social Value Policy*	Charitable donations (page 35)
	Human Rights Policy	Human rights (pages 38 and 39)
	Modern Slavery Statement*	Stakeholder engagement (pages 27 to 31)
	Children's Rights Policy	
Governance	Anti-Bribery Code*	Audit Committee Report (page 90)
	Tax Policy*	
	Trading Policy*	
	Schedule of Matters Reserved for the Board*	Corporate Governance Statement (pages 78 and 79)
	Board Committee Terms of Reference*	Corporate Governance Statement (page 75)
Employees	Health and Safety Policy	Health and safety (page 36)
	Serious Concerns Policy	Audit Committee Report (page 90)
	Diversity and Inclusion Policy	People engagement (pages 34 to 36)
	Drug and Alcohol Policy	Board diversity (pages 67 and 109)
	Mental Health and Wellbeing Policy	Gender diversity (page 35)
		Stakeholder engagement (pages 28 to 30)
Principal risks		Description of risk process (page 55)
		Risk framework (page 55)
		Principal risks and uncertainties (pages 57 to 64)
Business model		Our business model (page 17)
Non-financial KPIs		Key performance indicators (pages 18 and 19)
		Strategy (pages 13 and 14)

Full versions of the policies referred to above form part of the Group's Policy Framework that supports the Marshalls Code of Conduct.

These can be found on the Group's website at marshalls.co.uk/about-us/policies.

* Key policies referred to in this Annual Report.

Board of Directors

Overview

The Board has strong ethical values, combined with great depth of experience and skill covering leadership, strategy, manufacturing, operations, marketing, finance, M&A and business transformation and digital technologies.

The Board acts responsively and dynamically, applying its experience, skill and knowledge whilst bringing constructive challenge to the table, ensuring the long-term sustainability of the Group. This benefits all key stakeholders of the Group.

The Board is focused on supporting the development and execution of the Group's 'Transform & Grow' strategy, whilst demonstrating its ability to be agile and alive to the opportunities and risks that our new strategy presents.

Committee membership

- A Audit Committee
- E ESG Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of the Committee
- I Independent Director

Links to corporate pillars

- Shareholder value
- Sustainable profitability
- Relationship building
- Organic expansion
- Brand development
- Effective capital structure and control framework

E N R I

Vanda Murray OBE
Chair

Date of appointment 9 May 2018
Re-elected in May 2024

Alignment with corporate pillars

Experience Fellow of the Chartered Institute of Marketing with extensive experience in both executive and non-executive roles with a wide range of domestic and international businesses. Previous executive roles include Chief Executive of Blick plc from 2001 until its successful sale to Stanley Works Inc in 2004 and Managing Director of Ultraframe plc between 2004 and 2006.

External appointments
Non-Executive Director and Chair of the Remuneration Committee of Howden Joinery Group plc and Chair of Yorkshire Water.

E

Matt Pullen
Chief Executive

Date of appointment
8 January 2024

Alignment with corporate pillars

Experience Experienced executive leader in the construction and FMCG sectors. Previously Chief Operating Officer of Genuit Group plc, one of the UK's largest providers of sustainable water, climate and ventilation products. Previously, Matt was Managing Director of British Gypsum, part of the Saint-Gobain Group, where he led several significant business transformations. Prior to that, he worked for AkzoNobel for eight years in various commercial and leadership roles in the UK, Ireland and Northern Europe including as Managing Director, UK & Ireland. Earlier in his career, he also held various operational roles within the FMCG sector. He is a Trustee of the construction industry charity CRASH and an Industrial Cadets Ambassador.

External appointments Trustee Director of CRASH.

E

Justin Lockwood
Chief Financial Officer

Date of appointment 26 July 2021
Re-elected in May 2024

Alignment with corporate pillars

Experience Previously Chief Financial Officer of International Personal Finance plc. Justin spent four years at Associated British Ports in a senior financial role and worked in a variety of business and head office roles for Marshalls between 2002 and 2006. Justin is a Chartered Accountant having qualified and worked for PwC during the first ten years of his career.

External appointments None.

E

Simon Bourne
Chief Commercial Officer

Date of appointment 1 April 2022
Re-elected in May 2024

Alignment with corporate pillars

Experience Experienced manufacturing, supply chain and operations director. Simon joined Marshalls in 2015 as Manufacturing Director and was appointed as Group Operations Director in 2017. Prior to joining the Company, Simon held senior operational and supply chain roles across various sectors. Before his appointment at Marshalls, Simon spent six years at Burtons Biscuits as Manufacturing Director and three years at Betts Group Holdings as Group Director of Manufacturing.

External appointments Member of MPA Board.

A E N R I

Graham Prothero
Senior Independent Non-Executive Director

Date of appointment 10 May 2017
Re-elected in May 2024

Alignment with corporate pillars

Experience Chartered Accountant and Chief Executive Officer of MJ Gleeson plc. Previous roles include Chief Operating Officer of Vistry Group PLC and Chief Executive of Galliford Try plc. Also on the board of The Jigsaw Trust, a charitable trust committed to autism awareness. Extensive senior management experience in the sector, including with leading property developer Development Securities plc (now part of Land Securities plc), Taylor Woodrow, the listed contractor/developer, and Blue Circle Industries plc. Graham spent seven years as a Partner in the Real Estate, Hospitality and Construction Group of Ernst & Young LLP.

External appointments Chief Executive Officer of MJ Gleeson plc. Board member of The Jigsaw Trust.

Board of Directors continued

A E N R I

Angela Bromfield
Non-Executive Director

Date of appointment
1 October 2019
Re-elected in May 2024

Designated Non-Executive Director for employee engagement.

Alignment with corporate pillars

Experience Broad-based international career in manufacturing, distribution and construction. Formerly, Strategic Marketing and Communications Director at Morgan Sindall plc until 2013 and prior to that held senior roles at the Tarmac Group, Premier Farnell plc and ICI plc.

External appointments Senior Independent Non-Executive Director and Chair of the Remuneration and ESG Committees of Harworth Group PLC and Independent Non-Executive Director and Chair of the Remuneration Committee of C&C Group plc.

A E N R I

Avis Darzins
Non-Executive Director

Date of appointment 1 June 2021
Re-elected in May 2024

Alignment with corporate pillars

Experience A management consultant and formerly a Partner at Accenture focusing on the retail and consumer products sector. Delivered successful profitable growth engagements with many well-known national and international brands. Previously worked as Director of Business Transformation at Sky in addition to leadership roles at Arcadia, BHS, Mothercare and Littlewoods. Most recently served as Non-Executive Director at Moss Bros Group PLC. Currently providing independent management consultancy on transformational change strategy and execution support.

External appointments Senior Independent Non-Executive Director of Barnardo's, Non-Executive Director for Grafton Group PLC and Safestore Holdings plc. Director of Avis Business Consulting Limited.

A E N R I

Diana Houghton
Non-Executive Director

Date of appointment
1 January 2023
Re-elected May 2024

Alignment with corporate pillars

Experience Group Head of Strategy at Smiths Group plc. Previous roles include Corporate Development Director of Allied Domecq plc and Strategy Director roles with Bass plc. Extensive cross-sector experience from retail, leisure retail, consumer goods and industrial manufacturing industries covering M&A, turnarounds, organic business improvement and strategy. Diana was Senior Adviser to the National Audit Office between 2010 and 2015 and spent seven years on the board of Thornton's plc as Chair of Audit Committee and Senior Independent Director.

External appointments None.

Shiv Sibal
Chief Legal Officer and Company Secretary

Date of appointment 26 May 2020

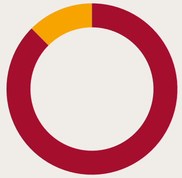
Alignment with corporate pillars

Experience Experienced corporate finance lawyer with over 20 years' experience, the last ten of which have been in industry at FTSE 250 businesses. Extensive leadership and legal experience. Formerly a corporate partner with international law firm Womble Bond Dickinson LLP, focused on supporting public companies. Also spent eight years working for international law firm Pinsent Masons LLP and qualified with international law firm CMS.

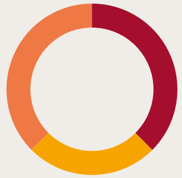
External appointments None.

Board composition

Gender composition
- Female – 4*
- Male – 4



Ethnic diversity
- White – 7
- Mixed Asian and white – 1



Length of service
- 0–2 years – 3
- 3–4 years – 2
- 5+ years – 3

* Female Chair and Remuneration Committee Chair.

Corporate Governance Statement

Vanda Murray OBE
Chair

Summary

- Resilient performance whilst managing transition between Chief Executives
- "Root and branch" review of Group strategy and November presentation of 'Transform & Grow'
- Matt Pullen now well established following comprehensive induction
- Simon Bourne has moved into the role of Chief Commercial Officer providing strong commercial leadership

> Our strategic review underpins our ability to leverage our diversified portfolio of businesses. Pragmatic challenge and support from the Board will ensure we remain agile and disciplined, as we progress with our growth agenda.

Successfully navigating change to create the platform to 'Transform & Grow'

Dear shareholder

Market conditions remained challenging throughout 2024, and the Group delivered a resilient performance as we successfully managed the transition between Chief Executives. Whilst a change in Government and policy is expected to act as a catalyst for growth in our end markets, and particularly in housebuilding, the timing of this is uncertain and, under the Board's guidance, the Group maintained strong cost discipline throughout 2024.

The Board also took the opportunity during 2024 to invest its time challenging and supporting a comprehensive "root and branch" review of the Group's strategy led by our Chief Executive, Matt Pullen. Matt and his senior leadership team presented the 'Transform & Grow' strategy to our stakeholders at our capital markets event last November ("CME"). This is being rolled out in our businesses, so all our colleagues understand and feel engaged with it. The strategy review leveraged the skills and experience of the Board, with Diana Houghton, who is currently Group Head of Strategy and Communications at Smiths Group plc, dedicating additional time and providing insight as we progressed through the review.

Ultimately, the Board and the management team recognised the importance of building a platform from which the Group can take full advantage of its diversified portfolio of businesses and achieve its growth potential. Pragmatic challenge and support from the Board will ensure we remain agile and disciplined, as we progress with our growth agenda, with the knowledge that we anticipate the Group benefitting from a recovery in its end markets and its operating leverage.

Our focus during the earlier part of the year was supporting Matt Pullen ahead of him becoming Chief Executive in March. Matt completed a comprehensive induction programme immediately after joining in January that included engagement with all our key stakeholders. Most importantly, Matt was able to get out across the Group's businesses and manufacturing network, developing an understanding of the Group's culture and the characteristics that have driven its success to date. The Group benefitted from an orderly handover period with Martyn Coffey and Martyn's agreement to remain with the Group in an advisory role until the end of 2024.

In May 2024, Simon Bourne, previously the Group's Chief Operating Officer, moved into the role of Chief Commercial Officer, responsible for the Group's commercial strategy and the financial performance of the Group's business divisions. This not only supports our future strategic ambitions but, at the time, addressed the need for strong commercial leadership, particularly given the underperformance in our Landscaping business, and the need to implement, at pace, a number of self-help measures to address this. Under Simon's guidance, a new leadership team has been appointed that will drive short-term improvement and medium to long-term growth in the Landscaping business. In supporting Simon's change of role, the Board concluded that his knowledge and experience of the Group, its customers and its operations meant he was perfectly placed to take on this increased responsibility. Simon also continues in his role as a member of the Marshalls Board, but was not involved in the approval of his change of role.

2024 has also seen the Board reappoint Deloitte LLP as the Company's external auditor. The financial year ended 2024 was the tenth year of Deloitte's tenure and accordingly the Audit Committee ran a competitive audit tender process during the year that culminated in a recommendation to reappoint Deloitte. Further details are set out on page 89 in the Audit Committee Report.

Importantly, the Non-Executive Directors and I continued to engage with the business throughout the year, beyond our attendance at Board and Committee meetings. I have already mentioned Diana Houghton's contribution to our strategy review, but there was additional engagement on our audit tender and the implementation of Phase 1 of our new Enterprise Resource Planning system (Microsoft Dynamics 365), through site visits and with the mentoring of senior leaders and emerging talent in the business. This was in addition to engagement through our Employee Voice Group ("EVG"). This engagement is vital to the Board's commitment to monitoring our culture and engagement as we move to execute our strategic plans during 2025.

Given the degree of change we have navigated throughout the year, the Board has invested a significant amount of time in our Board performance review. Further details are set out on page 81. This will ensure we take advantage of opportunities to build on the trust and cohesion that have defined our Board culture in recent years and to identify the skills and experience we need as we plan for Board succession over the coming years.

The composition of the Board continues to comply with the Listing Rules that require UK listed companies to disclose on a "comply or explain" basis against set diversity targets. Details of the current composition of the Board by gender, ethnic diversity and length of service are on page 109.

The Board is committed to delivering the ambitious long-term growth agenda the Group set out at the CME and will dynamically respond to opportunities and threats as we progress. Balanced decision making and open communication, reflective of our culture and purpose, are what "good governance" means to Marshalls. This is central to our application of the UK Code.

This Corporate Governance Statement explains how Marshalls' governance framework supports the principles of integrity, strong ethical values and professionalism which are integral to our business.

The Board recognises that we are accountable to shareholders for good corporate governance. This report, together with the Reports of the Nomination, Audit, Remuneration and ESG Committees on pages 83 to 108, seeks to demonstrate our commitment to high standards of governance that are recognised and understood by all.

Corporate Governance Statement continued

Our governance framework

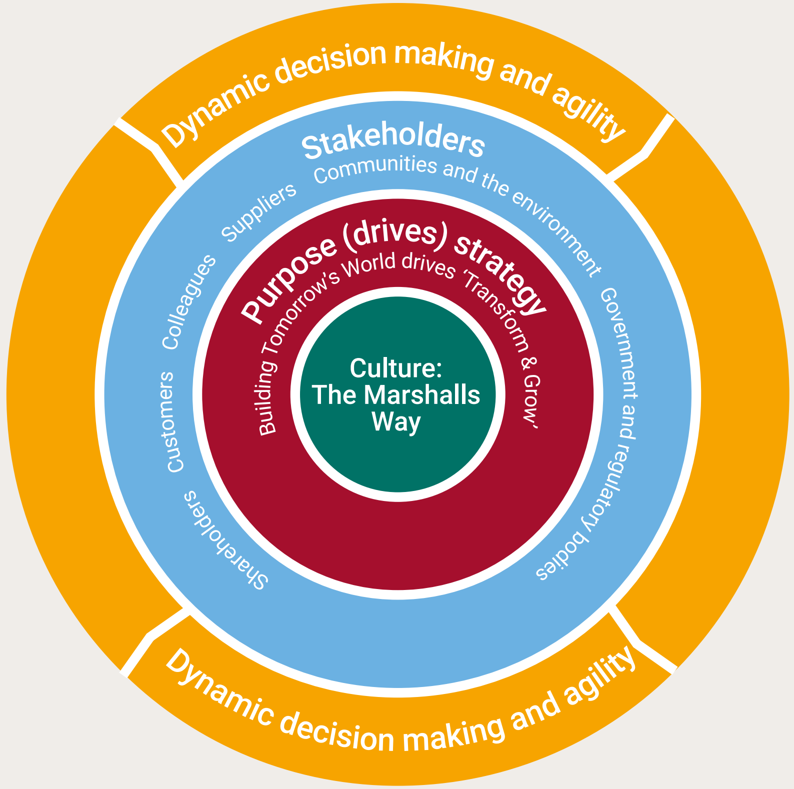
Programme of activities

- Board meetings
- AGM
- Strategy review
- Business and stakeholder engagement
- Designated NED for employee engagement
- Shareholder engagement on strategy, performance and governance
- Applying UK Code principles

- Committee meetings
- AGM
- Chief Executive transition

- Monthly meetings
- Weekly update calls
- Strategy implementation and review

- Monthly business reviews
- Bi-monthly ESG Steering Committee meetings
- Regular EVG meetings



Governance at Marshalls

Our **culture** is at the heart of everything we do: The Marshalls Way. Our **purpose** drives our **strategy**. These operate as a virtuous circle with regular reflection by the Board and the business. The operation of our business and the decisions we make have regard to the interests of our **stakeholders**. This approach to governance enables **dynamic decision making and agility** but ensures we never lose sight of the elements within that drive our long-term sustainability.

Corporate Governance Statement continued

Activities in 2024

Activity	Outcome	Link to strategy
Strategy: launch of 'Transform & Grow'	With challenge and support from the Board, the Group undertook a comprehensive, externally facilitated review of its strategy culminating in its launch at our capital markets event in November 2024. The review was a Group-wide project, engaging the senior leaders within each of our business units, to "lift the bonnet" on the business and rigorously consider the choices we have to realise the Group's potential.	'Transform & Grow'
Performance: underperformance in Landscaping	The Group completed a comprehensive review of underperformance within Landscaping, supporting a change in commercial leadership of the Group, with Simon Bourne's appointment as Chief Commercial Officer. The Group restructured the leadership within the Landscaping business, including the appointment of a new Managing Director and Marketing Director. The Board continues to carefully track performance in the short term and will monitor execution of the medium to long-term growth plan within our 'Transform & Grow' strategy.	Customers who value our unique set of capabilities Leading brands
Governance: robust balance sheet	The Board has overseen a resilient performance in weak end markets, mitigated through self-help measures and tight cost management. Continued focus on cash flow resulted in strong cash conversion, reduced net debt and maintenance of a robust balance sheet.	Business-wide enterprise excellence People, organisation and culture
Governance: Chief Executive transition	The Board, with support from the Nomination Committee, Chief People Officer and Company Secretary, managed the succession of our former Chief Executive, Martyn Coffey.	People, organisation and culture
Governance: appointment of Chief Commercial Officer	Recognising the depth and breadth of his knowledge and experience, the Board appointed Simon Bourne as the Group's Chief Commercial Officer (moving from his Board role as Chief Operating Officer), to spearhead the reinvigoration of the Landscaping business and growth within our other business units under our 'Transform & Grow' strategy. Simon's role includes responsibility for the Group's operations.	Customers who value our unique set of capabilities Business-wide enterprise excellence People, organisation and culture
Strategy: logistics outsourcing to Wincanton	Following the outsourcing of the majority of our logistics requirements to Wincanton, the Board closely monitored Wincanton's performance throughout the year, including progression with improvement actions.	Business-wide enterprise excellent
Governance: external audit tender	Following a competitive audit tender process managed by the Audit Committee, Deloitte was reappointed as the Group's external auditor.	Leadership in ESG governance and standards
Governance: impact of changes to the UK Code	The Group continued with preparation for changes to the UK Code, particularly those relating to internal controls. This included reviewing the design, completeness and effectiveness of the Group's control environment to ensure that it continues to be robust. Further details are set out in the Audit Committee Report on page 90.	Leadership in ESG governance and standards Business-wide enterprise excellence
Governance: ESG Committee	Following its establishment at the end of 2023, the ESG Board Committee is now well established with its forward agenda focused on progress with our carbon leadership strategic pillar that is underpinned by leadership in ESG governance and standards. During 2024, we achieved our carbon reduction target and also incorporated Marley and Viridian Solar into our plan and set near and long-term carbon reduction targets which have been approved by the Science Based Targets initiative ("SBTi").	Leadership in ESG governance and standards Carbon leadership
Governance: capital allocation policy	Strong cash generation during 2024 supported the Board's approval of repayments of £55 million of the Group's term loan during the year to ensure the efficient management of borrowings and finance costs. The Board approved this with the knowledge that the Group's remaining facilities provide it with significant liquidity to fund its strategic and operational plans going forward.	Business-wide enterprise excellence People, organisation and culture
Governance: internal Board performance review	The Chair, with the support of the Company Secretary, completed a Board performance review, including Q&A sessions with each Director. A number of actionable recommendations were made and progress against the objectives identified in 2023 was reviewed. Further details are set out on page 81.	Leadership in ESG governance and standards People, organisation and culture

Corporate Governance Statement continued

Priorities in 2025

Activity	Outcome/activity	Link to strategy
Strategy: deployment of 'Transform & Grow'	The Board will monitor how the Group executes and performs against its strategic objectives, including successful deployment of our new business unit led operating model. Effective engagement of all colleagues in achieving the Group's strategic ambitions will be critical to unlocking future growth and value creation.	'Transform & Grow' People, organisation and culture
Performance: underperformance in Landscaping	The Group will monitor the performance of Landscaping in the short term, as we begin to execute our plan to deliver sustainable growth through the medium term, with Landscaping operating a simplified model to drive greater value from its distinctive national model, with the goal of outperforming the market by 1 to 3 per cent.	Customers who value our unique set of capabilities Leading brands
Performance: economic outlook and market dynamics	The Group will track the economic outlook and market dynamics ensuring the business is able to leverage its market positions and established brands through efficient use of its nationwide manufacturing capacity. Retain flexibility in our strategy in the event of further market weakness and our agility in responding to this.	Business-wide enterprise excellence
Governance: Board succession planning	The Group will appoint a successor to Graham Prothero as SID and Chair of Audit Committee, with Graham scheduled to step down in 2026 after nine years with the Group. This will ensure an appropriate handover period. Plan for the Chair's succession, scheduled in 2027.	People, organisation and culture
Strategy: attracting and retaining talent	The Group will approve its people strategy, which is being updated to reflect our 'Transform & Grow' strategy. This will ensure we can attract, motivate, develop, progress and retain diverse talent, fostering a performance driven culture. Monitor talent depth and succession beyond the Board, which is critical to our long-term success.	Business-wide enterprise excellence People, organisation and culture
Governance: preparation for our Directors' Remuneration Policy review in 2026	Alongside approval of our updated people strategy, the Company will undertake a review of our Directors' Remuneration Policy with our remuneration advisers, ahead of it being tabled for approval at our 2026 AGM. This will include consultation with our key shareholders and stakeholders.	Business-wide enterprise excellence People, organisation and culture Leadership in ESG governance and standards
Governance: impact of changes to the UK Code	The Group will fully implement those requirements of the UK Code that apply for reporting periods beginning on or after 1 January 2025.	Leadership in ESG governance and standards
Governance: ESG Committee	The Group will track business unit led activities driving our carbon leadership strategic pillar and ensure our reporting and compliance driven activities underpin our leadership in ESG standards and governance.	Leadership in ESG governance and standards Carbon leadership
Governance: externally facilitated Board performance review	As required by the UK Code, we will conduct an externally facilitated Board performance review and report on this in next year's Annual Report.	Leadership in ESG governance and standards

Corporate Governance Statement continued

ESG priorities

Our strategic goal is to 'Transform & Grow' the Group, guided by our purpose of Building Tomorrow's World. Carbon leadership within each of our divisions is one of the Group's core strategic pillars and is underpinned by our leadership in ESG governance and standards – something we have prioritised and championed for more than 20 years.

A report of the work of our newly formed ESG Committee is set out on pages 91 to 92 and our ESG governance framework is set out on page 91.

Operating responsibly has been a foundation of our business from the outset and pages 32 to 42 of the Strategic Report include further detail on how this is represented in our day-to-day business operations and the outcomes these drive. Stakeholder trust is built on the actions we take and our ESG commitments and credentials demonstrate this clearly.

- **Environmental** – we take our environmental impact seriously. We now have a clear science-based SBTi approved net-zero target across all emission scopes by 2050. This covers the whole of the Group. Carbon leadership is a core pillar of our 'Transform & Grow' strategy
- **Social** – we have a comprehensive human rights due diligence programme across our high-risk supply chains, including solar. Respect for the rights and wellbeing of employees, their families and the wider communities in which we operate will be central to the social value programme we are developing
- **Governance** – leadership in ESG governance and standards underpins our strategy. We aim to ensure that our processes and controls enable us to operate ethically and responsibly

For further details see our ESG Committee Report pages 91 to 92

ESG oversight

The Board

ESG Board Committee

Board-level oversight of ESG strategy and ESG risk management, including climate-related risks and opportunities

Executive Team

- The Chief Executive is accountable for the delivery of the ESG strategy that underpins both our carbon leadership and our leadership in ESG governance and standards
- The Executive Team members are individually responsible for reviewing and confirming risks in their own areas, including climate-related risks

ESG Steering Committee

- Chaired by the Chief Legal Officer and Company Secretary and attended by Chief Executive, CFO and CCO
- Responsible for ensuring the ESG strategy remains fit for purpose, plans are in place and progress is measured and reported
- Advises the Board on ESG-related risks and opportunities

Group risk management

- Responsible for implementing the Group risk management framework and Risk Register
- See risk management framework and governance on pages 54 to 56

ESG delivery team

- Responsible for driving progress along our plans, including science-based targets
- Updates the ESG Steering Committee and the ESG Committee on progress against targets

Operational teams

- Responsible for managing and resourcing approved activities
- Advise on operational feasibility of projects
- Collaborate on ESG and sustainability projects

Supported by

- ESG metrics
- ESG Board updates
- Shareholder engagement
- ESG reporting

- Risk Register
- Climate-related risks and opportunities
- Climate Disclosures Working Group
- Sustainability Report

- Science-based targets
- Metrics and targets

Corporate Governance Statement continued

Safety and agility at the heart of how we work

Making sure that all colleagues get home safely and injury free after each working day is of paramount importance to the Board and the business. Reviewing safety is core to the agenda at each Board meeting and reflects the culture we are trying to create, where all colleagues always look out for each other's safety, sharing good practice and improvement ideas. Our safety record evidences the progress we have made, and we have a health and safety measure in our incentive schemes (see page 94 for more details).

Flexibility and agility in working practices have become an important tool in attracting and retaining talent as expectations about how careers and day-to-day lives interact have shifted. The Board takes its responsibility to monitor the Group's culture very seriously and does this in a very active way, through the Employee Voice Group, site visits and other channels. At its core, Marshalls is a manufacturing business, and we must be mindful of this dynamic and recognise that many of our colleagues do not have the option of working flexibly.

Weighing up the benefits technology brings, including increased agility, and reduced costs and carbon footprint, with the need to maintain and develop our culture is vital. We continue to support our teams to work collaboratively including meeting in person more regularly as we believe this will give us impetus in executing our refreshed strategy. The Momentum Team, a new leadership group formed in 2024, met during the year with this outcome specifically in mind. See page 34 for further information.

The Board and Committees hold all scheduled meetings in person. This has been particularly valuable during the last year in which we have experienced persistently challenging market conditions, navigated the transition between Chief Executives and conducted a comprehensive strategic review. The Board continues to leverage technology when we need to meet at short notice or if there is business need.

Many of the good practices we have introduced over the last few years continue to serve the business well and improve our control environment and dynamic decision making remains central to the way the Board and senior management team operate the business. The Board sets the culture for effective risk management and, together with the senior management team, ensures that we are having regard to our key stakeholders when making decisions.

Diversity

Although we have increased female representation across the Group, and have a very active and successful apprenticeship programme, making our business more representative of the communities in which we operate, and taking advantage of the opportunity greater diversity presents, remains an area of challenge and one where there is more work to do.

As we develop our people strategy during 2025, it will be with a view to this acting as a key enabler for our 'Transform & Grow' strategy. We will invest in building awareness of the value greater diversity drives and look specifically to improve female representation in operational and senior leadership roles. This will be through a combination of actively promoting diversity, equity, respect and inclusion ("DERI"), particularly in our recruitment processes, and training colleagues to ensure we avoid unconscious bias. Our policies support these aims and our commitment is supported by our Code of Conduct.

Marshalls has a zero-tolerance approach to discrimination, and there have been instances during the year where we have acted on this when behaviours and standards have fallen short of our expectations. We believe the sector remains challenged, particularly when trying to improve diversity in operational and site-based roles, but we are determined to play a sector leadership role in addressing the structural lack of diversity.

The benefits of diversity in our workforce mirror those in our diversified portfolio of businesses in that we believe they will both drive our long-term growth. We recognise that achieving these benefits requires investment and this will be considered as we update our people strategy.

The Board has approved the Group-wide Diversity and Inclusion Policy and continues to support the senior management team in the execution of the Group's longer-term DERI strategy.

At Board level, gender diversity was maintained during 2024. Including me, a female Chair, we have 50 per cent female representation on our Board overall and one Director from an ethnic minority background.

Board performance review

With the support of the Company Secretary, we conducted an internal performance review of the Board and its Committees. In contrast to previous internal reviews, the review for 2024 involved a series of one-to-one interviews between each Board member and the Company Secretary. The questions focused on specific items and decisions considered by the Board during the year and how it was felt these were addressed. The review also reflected on the Board's performance against the objectives identified in 2023's internal performance review.

Given recent changes to the Board, the review provided an opportunity to assess not only the Board's performance, but also Board dynamics and culture and how we optimise these to maintain the cohesion needed as we move to execute our strategic plan. As required by the UK Code, the Board will conduct an externally facilitated evaluation during 2025. Page 81 of this report gives more detail on the most recent performance review and the extent to which the objectives from our 2023 review were achieved.

Responsibility Statement

In the opinion of the Directors, these Annual Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The respective responsibilities of the Directors and the auditor in connection with the Financial Statements are explained in the Statement of Directors' Responsibilities and the Auditor's Report on pages 111 to 112 and 113 to 120 respectively.

The Strategic Report was approved by the Board and signed on behalf of the Board.

Vanda Murray OBE
Chair
17 March 2025

Corporate Governance Statement continued

Compliance Statement

This Corporate Governance Statement has been prepared in accordance with the principles of the UK Corporate Governance Code dated July 2018 (the "UK Code") which applies to the financial year 2024. We have complied with the principles and provisions of the UK Code throughout 2024. The UK Corporate Governance Code is available at www.frc.org.uk.

Our governance sections over the following pages explain how the Group has applied the principles throughout the year and up to the date of this Annual Report.

1 Board leadership and Company purpose

Read more on pages 76 and 77

- An experienced female Chair who provides pragmatic leadership and drives inclusive and robust debate and dynamic decision making
- Experienced Board with a good balance of technical and industry knowledge and experience and a demonstrable ability to address both the critical issues facing the Group in the near term and its long-term sustainability
- 2024 focus on Chief Executive succession, strategy development, core business performance and cost and cash management
- Our culture, The Marshalls Way, and purpose, "Building Tomorrow's World," guide decision making and the way the business is operated and controlled

2 Division of responsibilities

Read more on pages 78 and 79

- Open and transparent communication and information drive trust and support dynamic decision making
- Relationship between Board and senior management team underpinned by regular engagement. Chair and Chief Executive building strong relationship as we move to execute our new strategy
- Robust challenge and support provided and well received by management
- Clear, proportionate decision making parameters balance Board control and operational flexibility, with clear and timely information supporting the effective and efficient functioning of the Board

3 Composition, succession and evaluation

Read more on pages 80 and 81

- Balanced Board with breadth of experience, knowledge and skills
- Majority of independent Directors and experienced Committee Chairs
- Succession plan with rigorous procedure for appointments supported by experienced external search consultants
- Internal performance review reflecting on Board decision making during 2024 and an assessment of how the Board addressed objectives from the 2023 internal review. Setting key areas of focus for the Board in 2025
- Engagement with shareholders on performance and governance

4 Audit, risk and internal control

Read more on page 82

- Conducting the tender for our external auditor and recommending the Board reappoint Deloitte LLP
- Clear oversight of external and internal audit functions and planning
- Effective oversight of internal control environment, and the programme of work to review the design, completeness and effectiveness of the Group's control environment that supports the forthcoming changes to the UK Code
- Detailed consideration of development in reporting under TCFD and prospective requirements under other emerging standards
- Ensuring adequacy of the Group's risk management framework and participating in the risk review process
- Maintaining the improvement in the processes by which we ensure we act upon recommendations and monitor outcomes, allowing us to continuously improve
- Oversight of financial reporting, including judgements made in preparing this Annual Report and Accounts and notably those relating to our goodwill impairment review and disclosure of adjusting items

5 Remuneration

Read more on page 82

- Implementation of our Remuneration Policy
- Engagement with shareholders through our annual programme of governance meetings with shareholders
- Reviewing incentive scheme targets, ensuring they support attraction and retention of talent, drive good behaviours and create alignment with stakeholder interests
- Appropriate and proportionate consideration of performance and reward outcomes

Corporate Governance Statement continued

Compliance Statement continued

Role of the Board

The Board currently comprises an independent Non-Executive Chair, four independent Non-Executive Directors and three Executive Directors. Their biographical details are on pages 66 and 67.

Our Schedule of Matters Reserved for the Board (summarised opposite) is reviewed annually and is available on our website. It ensures we retain the right balance between Board oversight and operational flexibility.

Delegation to Board Committees

The Audit Committee Report on pages 88 to 90 provides details of the Board's application of UK Code principles in relation to financial reporting, audit, risk management and internal controls.

The Nomination Committee Report on pages 83 to 87 reports on how Board and senior management composition (including diversity), succession and development are managed to reflect UK Code principles.

The Remuneration Report on pages 98 to 108 explains how the Group's Remuneration Policy has been implemented and shows Directors' remuneration for 2024. The Remuneration Report also provides gender pay and balance information.

The ESG Committee Report on pages 91 and 92 explains how our newly formed Committee has provided oversight and support for the Group's ESG strategy and the ESG Steering Committee (which comprises members of the senior management and ESG delivery teams).

Ad hoc Board Committees are established for specific purposes: for example, during 2024, Board Committees were established to finally approve the preliminary and half year results and to consider the Group's detailed review of its internal controls framework and its application in preparation for the changes to the UK Code that will come into force for financial years starting after 1 January 2025.

Delegation to the Executive Directors and management

The day-to-day management of the business and the execution of the Group's strategy are delegated to the Executive Directors.

The Group's reporting and governance structure (see page 69) and controls below Board level are designed so that decisions are made by the most appropriate people in an effective and timely manner.

In deciding what is "appropriate" for these purposes, we consider the scale and complexity of our business and reflect how these have grown over time.

Management teams report to members of the Executive Committee, which comprises the senior management team, including the three Executive Directors. The Executive Directors and other Executive Committee members give regular briefings to the Board in relation to strategic progress and specific business issues and developments.

Clear and measurable KPIs are in place to enable the Board to monitor progress. This structure, our controls and open and transparent information and communication enable the Board to make informed decisions on key issues, whilst having regard to the interests of all our key stakeholders. These include our new 'Transform & Grow' strategy, capital structure, internal control and risk frameworks and risk appetite.

Corporate Governance Statement continued

Compliance Statement continued

1

Board leadership and Company purpose

Leadership and purpose

Fulfilling our purpose of Building Tomorrow's World requires leadership and engagement to ensure we leverage the strength, adaptability and resilience that the diversification within our business has created, whilst addressing underperformance in our Landscaping business.

Whilst the pace of market recovery remains uncertain, the Board has acted decisively during the last year, guided by The Marshalls Way, to refresh the Group's strategy and ensure our leadership reflects the needs of the business, whilst maintaining the discipline that has helped us manage our cost base and reduce our debt. These actions provide a platform to unlock future growth and value creation for our shareholders and our people.

Our strategic review and the reformulation of our purpose have involved stakeholders across the Group. This reflects our belief that our people are at the core of our ability to deliver against our strategic objectives. We are embarking on a Group-wide engagement and communication project that will bring these to life for all our colleagues.

The Board never shies away from making difficult decisions, but having established a balanced and resilient exposure to our end markets, our 'Transform & Grow' strategy evidences the headroom for growth in our addressable markets, and the support and development of our people will help us unlock this.

The Board is committed to using all channels available to it to ensure the Company's purpose, values and strategy are aligned with our culture. Our EVG is a well-established conduit for this, and the Directors can choose any other engagement mechanism that fits a particular need. All Directors report back on their engagement with the business at each Board meeting so that this knowledge and experience benefit the whole Board. This engagement supplements updates received at Board and Committee meetings throughout the year.

Nearly three years on from Marley joining the Group, there is greater understanding of how our businesses, with their leading brands, can benefit from each other's strengths and cultural commonalities. The Board's continuing engagement with the businesses has informed its contributions to the Group's strategic review and has enabled the Board to monitor the Group's culture.

As part of our annual programme of meetings with shareholders' governance and compliance teams, we have covered business performance, Board succession and transition between Chief Executives, remuneration, our strategic review, ESG and colleague engagement and morale. Shareholder feedback has been shared beyond the Board with relevant teams so they can reflect on this in shaping our future plans. This approach supports balanced and dynamic decision making at Board level, and by our senior leaders within the business.

Our Strategic Report on pages 1 to 65 explains how we seek to fulfil our purpose, how this is supported by our policies and procedures, and how we identify, monitor and manage our key risks.

Transparency and trust between management and the Board have built confidence in how the business is operated and controlled on a day-to-day basis and the whole Board has committed time to maintaining this dynamic given the changes to the Board during the last year. This is a standing commitment that underpins our Board culture and decision making. It will support and challenge the execution of our strategy, holding management to account as we seek to harness our exposure to scale markets with long-term growth drivers.

The reports of our Board Committees give further detail on how our policies and processes, and the principles of the UK Code, have been applied during the year in particular areas and how this relates to our culture and strategy.

Dynamic decision making enabled us to recognise the opportunity presented by undertaking a comprehensive strategic review and in changing the commercial leadership of the Group to address underperformance in Landscaping and to position us to take advantage of our strategic growth levers. Simon Bourne's deep knowledge of the Group's operations and customers will support our ability to align our capacity with demand and the need, in the medium to longer term, to build greater flexibility into our cost base so that we are equipped to respond to demand in the most efficient way.

Our well-established ESG programme is driven by our commitment to operate the business responsibly, having regard to the interests of our stakeholders. Our ESG Committee oversees, supports and challenges the work driving our carbon leadership strategic pillar, which is underpinned by our commitment to leadership in ESG governance and standards. As part of this, our recalibrated net-zero targets across all emissions, now incorporating Marley, have been approved by the SBTi. In launching our 'Transform & Grow' strategy, we articulated the attributes within each of our businesses that support carbon leadership within their respective markets. These demonstrate our clear and measurable commitments to ESG leadership within our sector.

We continue to support investment in the business, with the focus during the year being on upgrading "yellow plant," replacing specialist vehicles within our Mortars & Screeds business and maintaining our existing manufacturing assets. Whilst our commitment to continuous improvement remains, we did reprioritise capital expenditure plans during the last year to ensure they were aligned with demand and the need to maintain cost discipline.

The Board receives regular updates from the Executive Directors on the agreed KPIs set out on pages 18 and 19. As we progress with the implementation of the 'Transform & Grow' strategy, the Board will receive information that enables it to assess performance against the targets the Group sets itself. As part of this year's Board performance review, the high quality of the information provided to the Board was acknowledged and we will look to develop this further through the introduction of a "balanced scorecard" that provides a more holistic assessment of how we are progressing with our goals.

Our EVG goes from strength to strength as an effective and representative colleague engagement forum. Attendance by our designated Director for employee engagement, Angela Bromfield, and other members of the Board and senior management team at our Group level EVG ensures the Board understands how the actions we take are impacting colleagues and our culture and, where appropriate, how effective they are. It also allows the Board to assess general engagement levels and the correlation with our people related risks, for example our ability to attract and retain talent.

With the latest election of new members of the Group level EVG in January this year, this group is as representative of our businesses and operations as it has ever been. This will give the Board and management a clearer picture of what is important to our people and how they are feeling, and also give our EVG members the opportunity to challenge our approach.

Corporate Governance Statement continued

Compliance Statement continued

At the Group level EVG, updates were provided on our strategy, vision and purpose development work, health and safety, employee engagement survey, D365 implementation, changes to our attendance policy and learning and development consultation. In addition, the group received business updates from our Chief Executive and had the opportunity, during an open forum, to share its views or raise questions on anything business related.

During 2024, EVG meetings at both site and divisional levels within the Marshalls business have been established, and the cascade from the Group level EVG has become embedded. This means that business leadership has more time in direct meetings with employee representatives across the Group. This communication channel has now evolved to have a deep and direct reach into the Group.

Feedback at the end of 2024 from the employee representatives was that this approach had positively impacted every level of the channel.

Further details of how we engage with employees are set out on page 30.

Whilst we remain committed to our DERI strategy and have improved female representation and lowered the age profile across the Group's workforce, the Board acknowledges that there is more to do, particularly in achieving greater diversity within operational roles. We are currently reviewing our people strategy to ensure it supports the delivery of our refreshed strategy and investment in DERI initiatives will be considered as part of this. Our commitment to operating an inclusive business remains and our DERI strategy remains an important component of the long-term sustainability of the Group.

Good governance is supported at Marshalls by robust systems and processes and a good understanding of risk and risk appetite. The Group's control and risk management frameworks are reviewed annually and have been critically reviewed during the year. We review our Risk Register at least twice a year and our internal audit plan factors in the results of these reviews. The Board and the Audit Committee receive periodic reports from the internal auditor on a range of topics each year that are given careful consideration by the Audit Committee.

Further details of our approach to risk identification and management are set out in the Strategic Report on pages 54 to 64.

The Board remains confident the Group's application of the UK Code principles during 2024 will drive its long-term sustainable success by providing a platform to execute the Group's 'Transform & Grow' strategy and fulfil its purpose of Building Tomorrow's World.

Conflicts and concerns

The Board maintains a conflicts register that identifies situations in which conflicts may arise, which is reviewed regularly. In situations where an actual conflict is identified, the affected Director may be excluded from participating in relevant Board meetings or voting on decisions. There is no shareholder with a holding of sufficient significance to exercise undue influence over the Board or compromise independent judgement.

Concerns about the running of the Company or proposed action would be recorded in the Board minutes. On resignation, if a Non-Executive Director did have any such concerns, the Chair would invite the Non-Executive Director to provide a written statement for circulation to the Board.

Whistleblowing

The Group's Serious Concerns Policy sets out the principles under which employees can raise concerns in confidence. This is supported by an independent whistleblowing telephone and online reporting service, through which concerns may be reported anonymously if preferred. The Audit Committee receives reports on matters raised under this policy and the outcome of investigations. Any concerns raised are investigated appropriately by individuals whose judgement is independent and who are not directly involved with the matters raised.

Corporate Governance Statement continued

Compliance Statement continued

2 Division of responsibilities

Roles and division of responsibilities

There is a clear division between Executive leadership and leadership of the Board expressed in the written Terms of Reference of the Chair and Chief Executive.

Chair	The Chair leads the Board and is responsible for its overall effectiveness. She was independent on appointment in 2018 and brings her judgement, experience and skills to the role. Our internal Board performance review assessed the Board's performance during 2024, including Board dynamics and culture, strategy development, Board composition and succession and the Board's strengths and development areas. The review concluded that during 2024 the Board leveraged its knowledge and experience in supporting the development of the Group's refreshed strategy and successfully managed the succession of our Chief Executive. Critically, the Board has acted pragmatically and with agility in leading the Group to a resilient performance in challenging market conditions.
Chief Executive	The Chief Executive has responsibility for all operational matters which include the implementation of strategy and decisions approved by the Board.
Senior Independent Director	The Senior Independent Director provides a sounding board for the Chair and also acts as an intermediary for other Directors and shareholders.
NED independence	The Board has determined each of the Non-Executive Directors to be independent in accordance with Section 2, Provision 10 of the UK Code.
Evaluating performance	At least once a year the Chair meets the Non-Executive Directors without the Executive Directors being present. The Senior Independent Director meets the other Non-Executive Directors annually without the Chair to appraise the Chair's performance.
No overboarding	On appointment, the expected time commitment for Board members is made clear. The Chair and other Non-Executive Directors disclosed their other commitments prior to appointment and agreed to allocate sufficient time to the Company to discharge their duties effectively and ensure that these other commitments do not affect their contribution. The current commitments of the Chair and other Directors are shown on pages 66 and 67.

Board meetings and attendance*

Key = 👤 Present	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee
Vanda Murray OBE (Non-Executive Chair)	👤👤👤👤👤👤👤	–	👤👤👤👤👤	👤👤	👤👤👤
Matt Pullen	👤👤👤👤👤👤	–	–	–	👤👤
Martyn Coffey	👤	–	–	–	👤
Justin Lockwood	👤👤👤👤👤👤👤	–	–	–	👤👤👤
Simon Bourne	👤👤👤👤👤👤👤	–	–	–	👤👤👤
Graham Prothero (Non-Executive)	👤👤👤👤👤👤👤	👤👤👤👤	👤👤👤👤👤	👤👤	👤👤👤
Angela Bromfield (Non-Executive)	👤👤👤👤👤👤👤	👤👤👤👤	👤👤👤👤👤	👤👤	👤👤👤
Avis Darzins (Non-Executive)	👤👤👤👤👤👤👤	👤👤👤👤	👤👤👤👤👤	👤👤	👤👤👤
Diana Houghton (Non-Executive)	👤👤👤👤👤👤👤	👤👤👤👤	👤👤👤👤👤	👤👤	👤👤👤

* The Board held seven scheduled meetings during the year.

The Chair, Chief Executive, Chief Financial Officer and Chief Commercial Officer are not members of the Audit Committee but normally attend Audit Committee meetings by invitation. The Non-Executive Directors also meet the external auditor in private.

The Chief Executive and Chief Financial Officer (from October 2024 onwards) attend Remuneration Committee meetings by invitation. The Chief Executive also attends the Nomination Committee by invitation. The Company Secretary attends Board and Committee meetings as Secretary. Board members also participate in the Group's annual strategy review with the senior management team, which during 2024 was held in October. In addition, the Board participates in site visits, training sessions, the EVG and other business activities where they have relevant expertise and experience.

Martyn Coffey stepped down as Chief Executive and from the Board on 29 February 2024.

Matt Pullen was unable to attend the Board meeting in May 2024 due to ill health.

Corporate Governance Statement continued

Compliance Statement continued

Board meetings

There is an established format and programme for scheduled Board meetings, which were all held in person last year.

This programme is supported by a forward-looking planner that focuses on Board business for the year ahead and ensures an appropriate balance between the Board's consideration of strategy, performance and governance. The Chair, Chief Executive and Company Secretary review this planner on a regular basis to ensure it reflects current business priorities alongside our strategic plan. During 2024, this enabled dynamic consideration of the Group's need for commercial leadership change in light of underperformance in our Landscaping business. This ultimately led to the appointment of Simon Bourne as Chief Commercial Officer.

For 2025, our planner supports clear Board oversight of the execution and progress with the individual business unit strategies within our 'Transform & Grow' strategy and we are creating a balanced scorecard of measures that will support the Board's monitoring of this.

The Chief Executive, the Chief Financial Officer and the Chief Commercial Officer report on strategic, financial, and commercial and operational performance respectively at each Board meeting. The Chief Executive also updates the Board, at each meeting, on wider industry, sector and competitor considerations that are relevant to ensuring that decision making has regard to all stakeholder interests.

The Chief Commercial Officer reports to the Board on health and safety, including the development and implementation of our health and safety strategy. Health and safety is prioritised, reported on and considered on a standalone basis at every scheduled Board meeting. The safe operation of our sites, our safety culture and any incidents or accidents at our sites are constantly monitored. Everything we do in respect of health and safety is guided by The Marshalls Way, i.e. "we do the right things, for the right reasons, in the right way".

The Board participated in the strategy review undertaken by the Group over the last year. The Board was engaged following the fact finding and data collation phase of the review, with OC&C Strategy Consultants ("OC&C") reporting its findings, and the management team then sharing the proposed strategy. This culminated in a full day's review with the Board in October 2024, followed by the presentation of our strategy at our capital markets event in November. The review involved engagement with key members of the senior management team and OC&C in considering the Group's refreshed strategy and our plans for embedding it within the business. As part of this review, the Board convened, outside of scheduled meetings, to receive updates and discuss progress with the development of the strategy.

In addition to the standing items on the Board's agenda, the principal areas of focus considered by the Board in 2024 were:

Strategy

- Development of 'Transform & Grow' strategy
- Outsourcing of logistics to Wincanton and performance
- Landscaping underperformance
- IT/digital: ERP (Microsoft Dynamics 365) implementation
- People and culture, including reward, succession, talent development and DERI
- 2025 budget
- Capital investments: yellow plant and fleet replacement
- Asset disposals: surplus real estate assets
- Capital structure and dividends
- Market, sector and competitor updates and outlook

Operations

- Health and safety
- Marley integration
- Supply chain, procurement and logistics
- Technical innovation project updates
- People: culture, engagement and morale

Governance and risk

- Interim and final results and dividends
- Board composition: induction of Matt Pullen
- Internal Board and Committee performance review
- Annual shareholder governance meetings
- EVG feedback and NED engagement
- Defence planning
- Broker and financial adviser updates
- Policy reviews in accordance with matters reserved for the Board
- Whistleblowing
- Cyber security
- Stakeholder engagement
- AGM voting and guidance

Corporate Governance Statement continued

Compliance Statement continued

3
Composition, succession and evaluation

Our Nomination Committee leads our transparent and formal process for appointments to the Board, supported by our Chief People Officer, Company Secretary and external specialist recruiters. Board succession planning is reviewed at least annually by the Nomination Committee, while succession planning at Executive level is reviewed by the Board.

During 2024, the Board received a detailed update on our talent management programme including our talent quality, mobility and retention. This was delivered through the lens of our strategic review and focused on our readiness to execute our strategic plans and the actions needed to address any organisational gaps.

In anticipation of our revised people plan, which is being aligned with our 'Transform & Grow' strategy and which the business is currently working on, the Board also reviewed wider succession planning for senior leaders within the business, both at business unit and functional level. Our Risk Register acknowledges our capability, diversity, attraction and retention challenges, together with the current mitigating factors. We will consider these in formulating our people strategy to ensure we can create the optimal operating model to deliver our strategy.

The Board recognises that the development of "home grown" talent and future leaders is fundamental to our current people strategy and the long-term sustainability of the Group. This is an area where the launch, during 2024, of our Momentum leadership team marked a repositioning of our investment in leadership development that will start to help equip our leaders to deal with shifting expectations that require greater agility, innovation and collaboration and different ways of working.

Our Board remains diverse with a good balance and depth of skills, experience and knowledge. Our internal Board performance review has found that our Committees are well led by suitably experienced Chairs with recent and relevant expertise. They are also well supported by our Chief Financial Officer, Chief People Officer and Chief Legal Officer and Company Secretary. During the year, Matt Pullen succeeded Martyn Coffey as Chief Executive and Simon Bourne moved into the newly created role of Chief Commercial Officer, having previously been a member of the Board in his capacity as Chief Operating Officer.

Simon's appointment reflects his deep knowledge of the Group's customers, products and operations and he is uniquely positioned to drive the reinvigoration of our Landscaping business and the long-term success of our diversified portfolio of businesses that are exposed to scale markets with long-term growth drivers.

The Board is currently 50 per cent female, with a female Chair and one Director from an ethnic minority background. Board composition is reviewed annually, and we assess whether the current skills, experience and knowledge are aligned with the Group's strategy and expected future leadership needs. Further details of the Board and its skills and experience are set out on pages 66 and 67.

Our succession plan is designed to ensure that Board members' terms expire or they retire over clearly defined periods, normally not exceeding nine years. All Directors stand for election or re-election (as appropriate) at every Annual General Meeting, and all current Directors will stand for re-election at the 2025 Annual General Meeting. The Directors' biographical details on pages 66 and 67 show their roles, dates of appointment and lengths of service on the Board.

During 2024, we conducted an internal Board performance review led by the Chief Legal Officer and Company Secretary. See page 81 for further details.

Directors have access to the advice and services of the Chief Legal Officer and Company Secretary who is responsible for ensuring that Board procedures are complied with and, through the Chair, advises the Board on governance matters. The appointment or removal of the Company Secretary is a matter for the whole Board.

How Board priorities were addressed during the year

Our 2023 internal Board performance review was conducted by the Chair and Company Secretary. As we have detailed below, whilst we made progress against the priorities identified in the 2023 review, 2024 represented a year of change for the Group and our approach to addressing those priorities has been considered with this in mind.

This demonstrates the Board's commitment to dynamic decision making that reflects the needs of the Group as it evolves. We continue to believe this is critical to the effectiveness of our Board.

We continue to benefit from engagement by the whole Board with the business and our people, which is a key strength of our Board.

People

- We have made positive progress in attracting new talent to the business following a couple of challenging years. Matt Pullen succeeded Martyn Coffey as Chief Executive and Louise Furness returned to the business as Chief People Officer to spearhead and reinvigorate our people and reward strategy, ensuring it is guided by and aligned with our purpose and business strategy
- Simon Bourne now has responsibility for commercial leadership of the Group and moved quickly to reinforce our business unit teams, with a focus on Landscaping, where a new senior leadership team is now in place
- As we look forward, refreshing our people strategy, talent and leadership development, strategic workforce planning and organisational design are areas of focus that will drive our ability to achieve our strategic objectives

Commercialising ESG

- Our strategic review has established carbon leadership as a core pillar of our refreshed strategy, underpinned by leadership in ESG governance and standards. Each of our businesses has identified its priorities under carbon leadership, having assessed what is driving customer purchasing decisions. Performance against these priorities will be assessed and the priorities reviewed annually
- Whilst our analysis shows there is currently a differing level of focus on ESG in customer purchasing criteria, we see our carbon leadership as an area of competitive advantage that will drive customer choices in the medium term, as they look to reduce the carbon footprint of the construction materials used in their projects

Customer centricity

- Underperformance in Landscaping has led to a reshaping of the leadership team, with a focus on getting even closer to our customers and developing a shared understanding of the challenges we are each facing, but also on how to make the most out of opportunities that our leading brands and national manufacturing footprint can bring to us both
- Simon Bourne, with his leadership team, is simplifying our product and service offerings and developing Group-wide measures that will help the Board assess customer sentiment, whilst retaining the qualitative feedback that helps us strengthen customer relationships and build loyalty

Embedding refreshed strategy

- During the year, we have undertaken a comprehensive strategic review culminating in the presentation of our 'Transform & Grow' strategy. Strategy execution is now our focus, and this includes engaging our colleagues so there is a shared understanding of this and the roles they play in helping the Group achieve its objectives

Corporate Governance Statement continued

Compliance Statement continued

2024 Board performance review

Given the change experienced by the Group during 2024, we took the opportunity to invest additional time in our Board performance review, with the Company Secretary conducting one-to-one interviews with each member of the Board. The review was completed after the Group presented the 'Transform & Grow' strategy at the capital markets event in November 2024.

The review of 2024 represented a change in approach from previous years, with a smaller number of questions focused on certain key Board and Committee activities and decisions during the year. The questions also provided the Board with an opportunity to reflect on performance against the objectives it set itself during the 2023 review. The time invested delivered deeper insight into the Board's strengths and areas for development. This provides a platform for building on our strong Board culture, following changes to the Board during the year. Implementing the recommendations from the review will ensure the Board is primed to challenge and support the execution and delivery of our refreshed strategy, with the aim of delivering long-term shareholder value.

The findings of the evaluation were discussed at the January 2025 Board meeting. The review concluded that, during 2024, the Board (and its Committees) successfully navigated the succession of our Chief Executive and the Board continues to evolve following Martyn Coffey's long tenure. Maintaining the culture and trust that underpin all high-performing teams will be critical to Board cohesion.

In addition, the review concluded that the Group leveraged the skills and experience of the Board during the strategic review and that early communication and engagement with the Board throughout the execution phase will ensure there is ample opportunity for the Board to discuss and challenge the Group's approach to this.

The Board and Committees continue to be well led, with great depth of knowledge, skills and relevant experience, and are supported by a strong senior management team.

Specific themes identified that will drive our focus during 2025 are:

Executing brilliantly
- Our new strategy provides a roadmap to long-term value creation. Executing this brilliantly and leveraging the skills and experience of the whole Board are critical to our success, as is maintaining the strong cost discipline that has made us resilient over recent years
- Striking the right balance between long-term recovery in Landscaping and driving home competitive advantages in our higher-growth businesses is critical to our long-term success

Building trust
- As we have navigated change throughout the year, we have taken action to ensure we maintain the Board cohesion that has underpinned the Group's strength and resilience over recent years
- The Chair and Chief Executive meet regularly in person to discuss strategy, performance and the Board's forward agenda. This supplements the biannual one-to-one meetings the Chair holds with all Board members

Communicating effectively
- As the Board evolves, it must continue to build on the positive work it has done over the last year, as this underpins our Board dynamic. This holds true for communication between all Board members, where transparency builds trust
- Whilst communication as we progress with the execution of our strategy is vital, the Board must continue to monitor progress on matters that were the subject of key Board decisions to understand whether they are delivering the benefits anticipated
- Engaging our people with 'Transform & Grow' is vital in demonstrating our commitment to our purpose and values. A clear understanding by our colleagues of the roles they play in helping us deliver the strategy will underpin our culture and our success. The Board should continue to carefully monitor culture, as it flows from engagement and supports our compliance with the UK Code

People
- Planning for the succession of Graham Prothero, our Senior Independent Non-Executive Director and Audit Committee Chair, is a priority for 2025. Chair succession in 2027 should also be factored into our planning
- Our organisational design must identify the people needed in the medium term to unlock our strategic potential. Developing greater depth of talent, particularly as part of our succession planning for the Executive Team and Business Unit MDs, will build further resilience into our ability to execute our strategic plan
- Investment in the development of our leaders and ensuring we pay and incentivise competitively and consistently with our pay principles are both vital to retention

Corporate Governance Statement continued

Compliance Statement continued

4

Audit, risk and internal control

The Board has established written policies and procedures for external and internal audit functions designed to ensure that they remain independent and effective and these are regularly reviewed. Annual questionnaire-based evaluations are conducted of both our internal and external audit partners with the Board and members of the senior management team participating. The Board scrutinises financial and narrative statements in accordance with best practice, supported by the advice of our auditor.

The Board has a well-established procedure to identify, monitor and manage risk, and has conducted reviews of the Group's risk management and internal control systems and the effectiveness of all material controls, including financial, operational and compliance controls and the mitigation of material risks. These reviews considered the Group's actions in response to anticipated changes to the UK Code.

The Strategic Report comments in detail (pages 54 to 64) on the principal risks facing the Group, in particular those that would threaten our business model, future performance, solvency or liquidity, and, where possible, how these are mitigated. The Board conducts a rigorous assessment of these risks, particularly operational risks that might affect the Group's viability in the short term and emerging risks that might impact the medium to longer term.

The Board's risk and viability review incorporates stress testing, by envisaging scenarios that might arise during the financial year and/or the planning cycle, and considering, with financial impact modelling where appropriate, the likely effect on the business and its prospects. Additionally, the outcomes of our risk reviews drive our internal audit planning, ensuring our resources are being directed at the most appropriate areas.

The Audit Committee (on behalf of the Board) reviews the effectiveness of the Group's risk management system and the system of internal control annually. The Group's Risk Register and our risk disclosures in this report were reviewed by the Board and Audit Committee in June 2024 and December 2024 respectively.

The Chair and Non-Executive Directors conducted a standalone risk review in December 2024, the outcome of which has been incorporated into the Risk Register. In addition, our internal and external auditors are invited to all risk review meetings and participated in our most recent meeting in December 2024.

Our approach underpins our commitment to transparency in managing risk and internal controls and lends additional efficacy to our procedures.

The Audit Committee Report on pages 88 to 90 describes the Group's internal control system, how the Board assures itself of the independence and effectiveness of internal and external audit functions and how they are managed and monitored.

With the Committee's support and oversight, we continued our programme of work to address changes to the UK corporate governance regime, as they relate to our internal control environment. We remain confident this will support the assurances the Board will be required to provide in this regard. The Board acknowledges that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

Read the Audit Committee Report on pages 88 to 90

5

Remuneration

Our current Directors' Remuneration Policy was approved by shareholders in 2023 and is summarised in the Remuneration Committee Report on pages 93 to 108. Our Policy addresses the relevant requirements of the UK Code and was prepared in consultation with Company shareholders and external voting agencies.

The Remuneration Committee Report describes how the current Remuneration Policy has been implemented during 2024 and the outcomes achieved. It also describes how the Remuneration Committee has fulfilled its responsibilities during the year.

The Remuneration Committee continues to effectively discharge the duties delegated to it by the Board under the leadership of the Committee Chair, ensuring outcomes reflect performance and taking a holistic view of remuneration across the Group, having consulted employees appropriately, the importance of which is recognised by the Board.

Read the Remuneration Committee Report on pages 93 to 108

Vanda Murray OBE
Chair
17 March 2025

Nomination Committee Report

Vanda Murray OBE
Chair of the Nomination Committee

Members and attendance

	Meetings
Vanda Murray OBE – Chair	
Graham Prothero – SID	
Angela Bromfield	
Avis Darzins	
Diana Houghton	

Find our Terms of Reference and Nominations Policy at: www.marshalls.co.uk/about-us/corporate-governance

Evolving our Board and senior leadership team as we 'Transform & Grow'

Dear shareholder

I am pleased to report to shareholders on the main activities of the Committee and how it has performed its duties during 2024. I chair Nomination Committee meetings but would not do so where the Committee was dealing with my own reappointment or replacement as Chair.

2024 highlights

- We have managed the transition of our Chief Executive, supporting Matt Pullen in succeeding Martyn Coffey in March 2024. This included guiding Matt through a comprehensive induction programme, with Martyn also agreeing to support the transition after he formally stepped down from the Board at the end of February 2024
- We recommended the appointment of Simon Bourne as Chief Commercial Officer. Simon was previously the Group's Chief Operating Officer, and this change recognised the criticality of leadership and accountability for the Group's commercial goals as we developed, and now begin to execute, our 'Transform & Grow' strategy. Simon's contribution to the success and development of the Group over the last ten years, and his extensive knowledge and experience of our operations and our customers, provide the perfect foundation for him to ensure we are leveraging the strength of our portfolio of leading brands. In his new role, Simon retains responsibility for the Group's operations
- Given my tenure and that of our Senior Independent Non-Executive Director and Audit Committee Chair, Graham Prothero, we have given detailed consideration to the Board's short to medium-term succession needs. We will ensure that our planning reflects the importance of maintaining our open, challenging and supportive Board culture and that we have the right balance of skills, experience and cognitive diversity to guide us through our strategic and governance agenda and to unlock future growth and value creation
- Led by our Chief Legal Officer and Company Secretary, we completed a comprehensive Board performance review. This reflected on how the Board faced the challenges and opportunities during the last year as well as its preparedness to take advantage of the opportunities, and manage the challenges and risks, our new strategy presents. Alongside this we have mapped the Board's skills and experience against our strategic agenda and will incorporate this analysis into our succession planning. The review also provided the opportunity for the Board to share its views on the performance of the Committee, which it continues to consider to be well led and firmly focused on ensuring the Board and the senior leaders within the business are equipped to take advantage of the opportunities we expect our diversified portfolio of businesses to be exposed to
- With the support and guidance of our returning Chief People Officer, Louise Furness, our Chief Executive shared his reflections on the performance, strengths and development areas for the Executive Team, including the work that has been initiated to build on the team's culture and drive performance
- Following Matt's appointment and Simon Bourne's transition into his new role, we have undertaken a review of succession planning for the Executive Team as a whole. The objective of this review is to ensure we have a clear view of opportunity, in terms of areas of where we have greater depth of talent, and risk, where there is greater dependency on individual leaders. Whilst this has provided a clear view of the Group's dependencies at a senior leadership level, any move to develop our "bench strength" will be set against the current performance of the business and the need to maintain the cost discipline that underpins the Group's financial strength and resilient performance

Nomination Committee Report continued

2024 highlights continued

- I regularly review individual Director performance through biannual one-to-one review meetings and the Senior Independent Non-Executive Director meets the other Directors (without me being present) to discuss my performance. These reviews also consider the Directors' other appointments and commitments and ensure our Board members have sufficient time to perform their duties effectively and are not, in our opinion, "overboarded". In addition to considering performance and supporting their re-election at the 2025 AGM, these reviews are central to preserving and enhancing Board dynamics and its strong culture. This underpins the Board's commitment to operating as a high-performing team that seeks to deliver enhanced shareholder value, whilst having regard to the interests of all our key stakeholders
- We have continued to ensure we have visibility of the development and early talent programmes the Group has in place, including apprenticeships, as these support the development of a diverse pipeline of future leaders, which is critical to our long-term sustainability
- Our key goal within diversity, equity, respect and inclusion ("DERI") remains improving female representation in senior management roles within the business given the challenge it presents to the sector and we are delighted that our Roofing division now has a female Managing Director. My fellow Non-Executive Directors and I are also actively mentoring and coaching other female leaders in the Group, in support of their development
- We reviewed and approved the Group's Nominations Policy and reflected on how we implemented it

2025 priorities

- Implementing our Board succession plan, including the recruitment of a successor to Graham Prothero as Chair of the Audit Committee and Senior Independent Non-Executive Director and continuing our planning for my anticipated succession in 2027
- As part of Board succession planning, and ensuring we are set up for success, assessing whether the skills and experience of the Board continue to be aligned with those needed to challenge and support the execution of the 'Transform & Grow' strategy
- Continuing to consider Executive Team retention, development and succession. This underpins our ability to take advantage of the Group's exposure to scale markets with long-term growth drivers
- Working closely with the Board, and overseeing and supporting the development and implementation of the Group's new people strategy. Our people, organisation and culture underpin, and are the critical enablers for, our 'Transform & Grow' strategy. Led by our Chief People Officer, Louise Furness, the Group will undertake a comprehensive review and renewal of its people strategy during 2025. This will ensure it provides the platform for our people to unlock future growth and value creation for all our stakeholders
- Monitoring the development and support of colleagues in our high-performance and potential category, as well as our approach to recruitment for senior leadership positions, which will continue to prioritise promoting colleagues from within
- Reviewing retention, development and succession, beyond the Board and Executive Team, particularly given that we now have a more developed understanding of current leadership capability and development needs, which has been supported by the formation of the Momentum leadership team
- Supporting the Group's desire to be a force for change in the sector through its DERI strategy, which to date has proved challenging against the market and performance backdrop of the last couple of years. We have been open in acknowledging our lack of progress in this area, but the business is now committed to investing in the internal education and mentoring that will help us make more progress. Our internal recruitment practices and those of any recruitment partners we work with do not discriminate and the development and progression of future female leaders remain our key goals
- Greater gender, cultural and cognitive diversity remains a huge opportunity for the Group. Although we have made great progress at Board level, with a female Chair, 50 per cent female representation on the Board and one Board member from a non-white ethnic minority background, there is more to do beneath Board level and in senior leadership positions across the Group. We continue to comply with the Listing Rules that require us to publish an annual "comply or explain" statement regarding the achievement of the targets on Board diversity
- With the support of an external facilitator, we will undertake a review of the Committee's performance and act upon any recommendations

> "Our Board has evolved but remains well balanced and is focused on challenging and supporting the development and execution of the Group's 'Transform & Grow' strategy.

Nomination Committee Report continued

Marshalls' Nominations Policy

The table below summarises the key features of our Nominations Policy and how it is applied.

Policy principle	Supporting measures	How implemented in 2024
• Recruitment and succession reflect the strategic needs of the business • Recruitment contributes to desired values and culture	• Nomination Committee conducts an annual skills review aligned with three to five-year strategic plans • New Directors agree commitment to strategic direction and Group policies	• Matt Pullen's recruitment reflected the need to establish a strategic platform for the Group that will underpin sustainability in the long term, following a challenging couple of years for the Group and the sector. In taking over from Martyn Coffey, who delivered unprecedented growth during his tenure, Matt's deep industry knowledge and experience, having undertaken and delivered transformation mandates in his previous roles, have supported the development and communication of our new strategy • Simon Bourne's appointment as Chief Commercial Officer reflects his deep knowledge and experience of the sector and the Group, including its operations and customers • Succession priorities for coming years have been identified, following a review of Director tenures and their current performance and skills against our new strategy
• Recruitment to achieve diversity in the widest sense	• Policy sets direction and gives leadership • Brief for search consultants for new Board and senior management appointments • Diversity initiatives/succession plans at Executive level reviewed and targets monitored	• 50 per cent of the Board is female, with a female Chair and one Director from a non-white ethnic minority background • All search briefs for Board and senior management roles will continue to emphasise the importance of diversity in the broadest sense • Our key focus area is improving female representation in senior management roles within the business • Clear recognition of the sector-wide DERI challenge and the threat this poses to long-term sustainability. Engagement with sector initiatives and members of the Employers Network for Equality and Inclusion, which provides access to resources and materials to support our DERI programme
• There should be a clear formal Board succession plan based on objective criteria	• Annual review of terms of office • Annual individual evaluation • Use of independent external search advisers	• Succession is under continuous review. We monitor tenure and are planning the succession of Graham Prothero (our Audit Committee Chair and Senior Independent Non-Executive Director) and Vanda Murray (our Chair) who we anticipate will rotate off the Board in 2026 and 2027 respectively • Terms of office are reviewed annually, supported by individual Director evaluations that were last conducted between December 2024 and January 2025. Chair held additional one-to-ones with Directors during the year and regularly dedicates additional time to these meetings where they support the effective functioning of our Board • We select external search advisers for Board appointments based on relevant expertise. Russell Reynolds Associates has supported our last two Board appointments and is retained for the recruitment of a successor to Graham Prothero. The Amrop Partnership is retained for senior management team recruitment • Beneath Board level, we have, with the support of the Chief Executive and our Chief People Officer, reviewed the performance of our Executive Team and succession, including our ability to develop a talent pipeline that supports our desire to promote from within

Nomination Committee Report continued

Marshalls' Nominations Policy continued

Policy principle	Supporting measures	How implemented in 2024
• Directors must devote sufficient time to perform effectively and familiarise themselves with the business	• Limit on other Board appointments • Detailed induction, site visits, training and employee engagement programme	• Existing commitments and the risk of "overboarding" are considered as part of our Director recruitment process and in the Chair's annual performance reviews with individual Directors • As part of our 2024 Board performance review, we reflected on the time committed to Board and Committee business, and the requirement for Directors to devote sufficient time to their roles is in their appointment terms and something the Chair monitors with them on a one-to-one basis • Our new Director induction process is well established and well received by incoming Directors. We look for opportunities to evolve and improve this, with the most recent review undertaken in anticipation of Matt Pullen joining the business • Board training is included as part of Director induction together with site visits. All Directors are supported by the Chief Legal Officer and Company Secretary, who also arranges additional Board training on relevant topics • Directors all commit time outside scheduled Board and Committee meetings. During the last year they have: supported the development of our 'Transform & Grow' strategy; participated in discussions on risk and internal controls; visited manufacturing sites; attended EVG meetings; and mentored high-potential colleagues. Directors make use of multiple engagement channels, choosing those most suitable to those they are engaging with
• Compliance/good governance	• Conflicts policy and register reviewed no less than six monthly • Annual re-election of Directors	• Reviews in June and December 2024 • All Directors stood for election/re-election in May 2024

Feedback was sought on the performance of all our Board Committees as part of our internal Board performance review, described on page 81. This review reflected on the outcome of our internal review in 2023 and any specific objectives identified. The Committee Terms of Reference were reviewed in December 2024. No material changes were made, and the terms continue to reflect the requirements of the UK Code.

During the year, the Nomination Committee held two meetings. There were additional ad hoc meetings and discussions between Committee members in connection with succession planning and recruitment.

Evaluation and reappointment of Directors

Each Non-Executive Director was, on joining, provided with a description of their role and responsibilities, and received a detailed business induction, which is managed by our Chief Legal Officer and Company Secretary and our Chief People Officer. All Directors have biannual one-to-one review meetings with the Chair to appraise the composition and performance of the Board and their individual contributions, behaviours and participation, both at Board and Committee meetings and through their wider engagement with the business.

In addition, these meetings provide an opportunity for the Directors to give their views on the topics the Board is currently focusing on and on the broader strategic, macro-economic and market considerations and risks that should be factored into setting the Board's future agenda. This demonstrates the Chair's commitment to regular reflection on Board and individual Director performance.

Before any Director is proposed for re-election, or has their appointment renewed, the Committee considers the outcome of the reviews to ensure that the Director continues to be effective and demonstrates commitment to the role. The Chair provides an explanation to shareholders as to why the Director should be re-elected and confirming that a formal performance evaluation has taken place when the Resolution to re-elect is circulated.

It is the Company's policy that Executive Directors can only hold one external listed company non-executive directorship. Voluntary service on the governing board of a social, trade or charitable organisation is also permitted. Details of the external appointments held by the Executive Directors are included in the biographical notes on pages 66 and 67.

Governance

The Committee has acted throughout 2024 in accordance with the principles of the UK Code. In addition, Committee performance was considered as part of our internal Board performance review for 2024. The Committee continues to effectively manage Board composition and succession, supporting Matt Pullen in succeeding Martyn Coffey as Chief Executive and recognising the need for commercial leadership in recommending the appointment of Simon Bourne to his new role as Chief Commercial Officer.

Looking forward, the Committee's attention will turn to the succession of our Senior Independent Non-Executive Director and our Chair and, in planning for these changes, we will seek to maintain the skills, experience and culture we have now that guided the Group through a number of challenging years with great agility and ensured we are well positioned to execute our strategic objectives. The framework for the refreshment of skills, experience and diversity to support the needs of the business and its stakeholders in the future is transparent and well understood.

Vanda Murray OBE
Chair of the Nomination Committee
17 March 2025

Nomination Committee Report continued

Director induction

Our induction process focuses on informing, engaging and supporting new Directors when they join the business to ensure they understand the Group's culture, business, strategy and stakeholders.

We feel this knowledge, combined with their skills and experience, provides the right foundation for them to make an effective contribution to the Group and to fulfil their statutory duties as Directors.

This induction process is a key building block of effective governance and reflects The Marshalls Way – "we do the right things, for the right reasons, in the right way". For Matt Pullen's induction, we prepared a tailored induction plan, using our established plan as the foundation and reflecting his needs as Martyn Coffey's successor. The additional elements are referenced opposite.

OUR DIRECTOR INDUCTION

The Marshalls Way

We do the right things, for the right reasons, in the right way

INFORM

- Summary of the Group's history
- Introduction to the Group's strategy
- Details of our investor relations programme*
- Latest investor feedback and current shareholder register*
- Biographies of the senior management team
- Employee Engagement Survey
- Sustainability Report
- ESG update
- Latest Board evaluation
- Access to key corporate documents
- Market research, including indicators and drivers

ENGAGE

- Board one-to-ones
- Executive management one-to-ones
- Senior leadership team one-to-ones*
- Communication programme to introduce Matt to the business*
- Site visit programme
- Customer visits
- Following his appointment, attending our annual customer event in December 2023*
- Introduction to our markets
- Introduction to investor relations
- Meetings with brokers and key advisers*
- Introduction to Remuneration Policy and our incentive arrangements
- EVG attendance

SUPPORT

- Full debrief from Russell Reynolds Associates, which managed the search mandate for our new Chief Executive*
- Orderly handover and period of support from our outgoing CEO, Martyn Coffey*
- Core compliance and additional topical training
- Appointment documentation support
- Company Secretary support
- Organograms
- Key contacts
- Details of key advisers
- Payroll and administration support

* Tailored elements of Matt Pullen's induction plan.

Audit Committee Report

Graham Prothero
Chair of the Audit Committee

Members and attendance

	Meetings
Graham Prothero – Chair	
Angela Bromfield	
Avis Darzins	
Diana Houghton	

Find our Terms of Reference and Nominations Policy at: www.marshalls.co.uk/about-us/corporate-governance

Marshalls has a strong focus on control, risk management and governance to ensure its strategic objectives are met

Dear shareholder

On behalf of the Audit Committee, I am delighted to present the Committee's report for the year ended 31 December 2024.

Chair's statement

The Audit Committee has delivered throughout 2024 on its responsibilities to monitor and review the integrity of financial information and reporting, and to provide assurance to the Board that the Company's internal controls and risk and compliance processes are appropriate and regularly reviewed.

It focused on engaging, regularly and at an appropriate level of detail, with our external auditor, internal auditor and other third-party advisers as necessary. This enabled the Committee to maintain an appropriate understanding of how the auditors and advisers interact and test our comprehensive approach to risk, along with ensuring the Financial Reporting Council's ("FRC") evolving reporting requirements were adhered to.

The Audit Committee also oversees the work of the external auditor, monitors its independence, approves its remuneration and recommends its appointment. During 2024, the Committee undertook an external audit services tender process as the current auditor had been in role since 2015. This tender resulted in the reappointment of Deloitte LLP and further details are set out on page 89. It also assessed whether the 2024 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and, having concluded that it was, it made a recommendation to the Board.

It has continued to oversee the project to enhance the Group's control environment ahead of changes in reporting obligations on internal controls and it monitored and reviewed the effectiveness of the existing control environment. The scope of work of the internal audit function was approved by the Committee and the reports were reviewed and the completion of actions was monitored.

Role and composition

The Committee consists of independent Non-Executive Directors and met four times during the year. Members and their attendance at meetings are set out opposite. The Chair of the Committee is a Chartered Accountant, and the Board is satisfied he is independent and has recent and relevant financial experience as required by the UK Code. Other members also have relevant sectoral and financial experience. Their biographical details are on pages 66 and 67.

The Chief Executive Officer, Chief Financial Officer and Chief Commercial Officer together with the external auditor (Deloitte LLP) and internal auditor (KPMG LLP) are all invited to attend the meetings of the Committee. The Committee Chair meets with the Chief Financial Officer and both the external and internal auditors on a regular basis outside the formal meetings. The external auditor met with the Committee without the Executive Directors being present at both the March and August meetings.

The Committee acknowledges and embraces its role of protecting the interests of shareholders as regards the integrity of the financial information published by the Company and the effectiveness of the audit. The Committee's responsibilities are outlined in its Terms of Reference which are available on the Group's website (www.marshalls.co.uk). The Committee's main responsibilities are to:

- Review the integrity of formal announcements relating to the Group's financial performance, reviewing the significant financial reporting judgements contained within them
- Provide advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy
- Review and monitor the independence and objectivity of the external auditor and effectiveness of the external audit process

Audit Committee Report continued

Role and composition continued

- Make recommendations to the Board, for the Board to put to shareholders in general meeting, on the appointment, reappointment and removal of the external auditor and to approve its terms of appointment
- Monitor the Group's systems of internal control including financial, operational and compliance and risk management systems, and perform an annual review of their effectiveness
- On behalf of the Board, review and monitor the Group's risk management process, in particular the assessment of principal risks and the associated mitigating actions included in the Group Risk Register
- Review and approve the internal audit programme, and monitor its delivery during the year
- Review the effectiveness of the internal auditor and the internal audit programme

Performance evaluation

During the year, as part of the internal evaluation of Board and Committee effectiveness, an evaluation of the Committee's performance was also undertaken. A summary of the internal evaluation is set out in the Corporate Governance Statement on page 81. The review found the Committee to be effective and well led by an appropriately experienced Chair, with clear Terms of Reference. The review found the Committee strikes an appropriate balance between being supportive and providing robust challenge. No areas of concern were highlighted during this review.

Significant issues related to the Financial Statements

In preparing the Financial Statements, the Committee has been mindful of potential issues arising from uncertainty over a range of macro-economic and other factors. The significant judgements considered by the Committee are set out below.

Goodwill impairment review

The Group's balance sheet includes goodwill totalling £324.4 million that is required to be subject to an annual impairment review under IAS 36 "*Impairment of Assets*". The key areas of judgement in this review are the reasonableness of the future cash flows that are forecast to be generated by the Group's cash generating units ("CGUs") and the rate used to discount the cash flows into their current value. The Committee concluded that management's assessment that no impairment charge was required was appropriate.

Disclosure of adjusting items

The Group's income statement includes adjusting items totalling £12.8 million and the Annual Report and Accounts includes performance reporting that highlights both statutory results and results stated after adding back adjusting items. The Group has an accounting policy for adjusting items, which states that they are items that are unusual because of their size, nature or incidence and which Directors consider should be disclosed separately to enable a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders. The Committee received a paper from management setting out details of those items that were assessed to meet the criteria of the policy. The Committee challenged the paper and received feedback from the external auditor and concluded that the proposed items met the criteria of the policy. The Committee also considered the use of adjusting items in performance reporting and concluded that there was no undue prominence given to adjusted results compared to the statutory results.

Fair, balanced and understandable

The Committee has considered whether, in its opinion, the 2024 Annual Report and Accounts is, taken as a whole, fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
As part of its review, the Committee considered the disclosures in the Strategic Report together with the disclosures relating to the Group's ESG objectives, sustainability and climate-related risks, opportunities and targets. The Committee also considered the adequacy of the disclosures made in relation to the measures undertaken by the Group to mitigate identified risks. In making this assessment, the Committee has advised the Board in relation to the statement required by the UK Code. The Committee has concluded that the disclosures, and the process and controls underlying their production, were appropriate to enable it to determine that the 2024 Annual Report and Financial Statements is fair, balanced and understandable.

External audit

Deloitte LLP tenure and audit partner

Deloitte LLP was appointed as the external auditor in May 2015 following a competitive tender process. Deloitte LLP has processes in place designed to maintain independence, including regular rotation of the audit partner. The current audit partner is Bashir Bahaj and the 2024 audit is the second year of his rotation. For the financial year under review, the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Audit tender process for the 2025 financial year

The financial year ended 2024 will be the tenth year of Deloitte LLP's tenure as external auditor and, in accordance with its obligations under the Companies Act 2006, the Committee ran an audit tender process during 2024 to appoint the external auditor. The Committee invited Deloitte LLP and other appropriately qualified audit firms, including "challenger" auditors, to present proposals for this role. The tender process was conducted in accordance with the guidelines included in the FRC's "Minimum Standards for Audit Committees" that was published in May 2023, the guidance issued by the Investment Association and FRC and the EU Audit Regulation (Regulation 537/2014) as it applies under UK law.

Members of the Committee, including the Chair, alongside key members of the Executive and finance team, reviewed full proposals and met with the tendering firms, challenging them in particular around experience, approach, resourcing and the use of technology to enhance audit effectiveness. After careful consideration of the above, and independence matters, the Committee concluded that it was appropriate to reappoint Deloitte LLP and made this recommendation to the Board.

Provision of non-audit services

The Committee has adopted policies to safeguard the independence of its external auditor, Deloitte LLP. It is the policy of the Company that the external auditor should not provide non-audit services, other than the half yearly review. Any other non-audit services require the specific approval of the Committee. Where the Committee perceives that the independence of the auditor could be compromised, the work will not be awarded to the external auditor. Details of amounts paid to the external auditor, and its entire network, for audit and non-audit services in 2024 are analysed in Note 3 on page 131. Other than the half yearly review of Marshalls plc, for which a fee of £40,000 was charged (2023: £40,000), no amounts were paid for non-audit work during 2024.

External audit effectiveness

The Committee considered the effectiveness of the 2024 audit by critically assessing the scope of work and the results of the audit work undertaken and concluded that the audit was effective, and audit process was well managed by both management and Deloitte LLP.

Audit Committee Report continued

Risk management and internal control

Risk management process

The Committee, along with the Board, reviewed and assessed the Group's risk management framework and the output of the biannual risk reviews. The continuous improvement plans developed by management to enhance risk management, compliance and governance are monitored by the Committee and the Board.

Internal controls

The Committee is responsible for monitoring the Group's systems of internal control, including financial, operational and compliance related controls, and risk management systems, and for performing an annual review of their effectiveness. It performed the following work in respect of this responsibility:

- Reviewed and challenged a paper presented to the Committee covering the Group's internal control framework
- Received a report from management on the output of the internal controls self-assessment process
- Considered those areas where management applies judgement in determining the appropriate accounting and discussed this with the external auditor
- Reviewed the external auditor's findings and its use of data analytics in the revenue cycle of the business unit audits
- Considered the internal control framework when assessing deployment of internal audit resource

The Committee concluded that the internal control systems were working effectively.

Internal control improvement process

During 2024, the Committee continued to provide oversight over a comprehensive transformation project to review the design, completeness and effectiveness of the Group's control environment to ensure that it continues to be robust and suitably documented with any improvements identified and addressed. This was established in support of the objectives of the Government's consultation on "restoring trust in audit and corporate governance". KPMG was engaged to support the process, provide assurance to the Committee and facilitate the monitoring of progress during the year. Following a review of the material risks, the Committee created risk and control matrices ("RACMs") for all financial and IT general control processes to capture management created risks and the relevant key controls. During 2024 this work was extended to cover our non-financial controls, with RACMs created for the appropriate process areas and sample testing performed for several controls, to ensure confidence as to the accuracy of the control description. The Committee is fully engaged with the project and is pleased with progress as we work towards a more structured and substantive review and confirmation.

Internal audit

Internal audit function and plan

The internal audit function is undertaken by KPMG LLP, and the annual internal audit programme uses a risk-based assessment that considers the Risk Register and management input. KPMG LLP attends the Group's Risk Register review meetings on a regular basis. This risk-based assessment is reviewed and approved by the Audit Committee, and the process is overseen by the Chief Financial Officer. KPMG LLP is independent from the Company's external auditor.

The internal audit programme includes both regular audit checks and assignments to look at areas of critical importance. Control weaknesses that are identified through this process prompt a detailed action plan and a follow-up review to confirm that agreed actions have been completed. Instances of fraud or attempted fraud (if any) and preventative action plans are also reported to the Committee and recorded in a fraud register.

The 2024 internal audit plan comprised a review of the D365 ERP implementation project, lease management, and a Safety, Strategy, Compliance and Incident response review. This being in addition to support on the Group's project to enhance its internal control environment in-line with the revised Corporate Governance Code, focusing on internal controls components.

Internal audit effectiveness

An annual review of internal audit effectiveness and of the performance of KPMG LLP as independent internal auditor was undertaken by the Committee in 2024. This included feedback from colleagues who engaged with KPMG directly on the audits and the conclusion was that the current internal audit process continues to be an efficient and effective means of fulfilling the internal audit function.

Whistleblowing and anti-bribery

The Audit Committee monitors, on behalf of the Board, reported incidents under the Serious Concerns Policy (our Whistleblowing Policy), which is available to all colleagues. A third-party organisation, Safecall, provides an independent and confidential channel on behalf of the Group for any concerns to be reported.

These procedures are embedded into the Group's Code of Conduct and are relevant to all stakeholders including suppliers, partners and colleagues. The policy and the Safecall process are displayed on operating site noticeboards and on the Company's intranet and set out the procedure for employees to raise legitimate concerns about any wrongdoing without fear of criticism, discrimination or reprisal.

The Committee, on behalf of the Board, receives regular updates from the Company Secretary regarding any matters of material concern and an annual summary of matters raised throughout the relevant year including the nature of matters reported, the outcome of any material investigations and details of any actions taken to address concerns raised. The Committee is satisfied that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

The Company is committed to a zero-tolerance position with regard to bribery, made explicit through its Anti-Bribery Code and supporting guidance on hospitality and gifts. The policy and procedures are published on the Company's website and displayed on operating site noticeboards. The Board reviews and approves any changes to the Anti-Bribery Code annually. Online training is available to all employees to reinforce the Anti-Bribery Code and procedures and is part of our core compliance training programme for relevant colleagues. There is a maintained record of gifts and hospitality with a requirement for these to be reported quarterly.

I would like to thank our shareholders for their continued support during the year. I will be available at the Company's 2025 AGM to answer any questions in relation to this report.

The Audit Committee Report has been approved by the Board and signed on its behalf by:

Graham Prothero
Chair of the Audit Committee
17 March 2025

ESG Committee Report

Vanda Murray OBE
Chair of the ESG Committee

Members and attendance

	Meetings
Vanda Murray (Chair)	3
Graham Prothero	3
Angela Bromfield	3
Avis Darzins	3
Diana Houghton	3
Matt Pullen, Chief Executive	2
Justin Lockwood, CFO	3
Simon Bourne, CCO	3
Martyn Coffey	1

Additional attendees (as appropriate):

- Shiv Sibal, Chief Legal Officer and Company Secretary
- Jo Holmes, Head of ESG Engagement
- Mike Edwards, Head of Sustainability

Find our Terms of Reference at:
www.marshalls.co.uk/about-us/corporate-governance

ESG is not new to Marshalls – we have a long-standing commitment to sustainability

Dear shareholder

I am pleased to share with you our inaugural report for the ESG Committee, which was established at the end of 2023. As only one meeting was held in 2023, it was decided to report on the Committee's activities now that it has been operating for a full calendar year.

During 2024, the ESG Committee comprised all the Company's Directors, with our Chief Legal Officer and Company Secretary acting as secretary to the Committee. Specialist colleagues were also invited to join Committee meetings when their expertise supported the Committee's understanding of the matters being considered.

ESG is not new to Marshalls – we have a long-standing commitment to sustainability and being a responsible business. We've been reporting our carbon footprint for over 20 years and we have been an accredited Living Wage employer for over 14 years; it's what we do. However, we wanted to review our processes and provide a robust governance framework around ESG in order to strengthen the oversight at Board level.

In this report, we outline our governance structure, the main matters considered in 2024 and our priorities for the year ahead.

Governance

Our Terms of Reference set out specifically the areas of responsibility for the Committee, including:

- Supporting the development of the Group's ESG strategy
- Providing oversight of our progress and performance on key ESG commitments and targets
- Providing advice and direction
- Reviewing ESG corporate communications

Our ESG strategy has been created to contribute to our strategic objectives, business unit priorities and our overall purpose of Building Tomorrow's World.

With sponsorship from our Chief Legal Officer and Company Secretary, the ESG strategy is delivered by the ESG delivery team. This team is made up of colleagues from Finance, Sustainability, Legal and Marketing functions.

ESG Board Committee
Oversight of ESG strategy for the Marshalls Group

ESG Steering Committee
Scrutinises OGSM and ESG strategy implementation

ESG Delivery Group
Delivery of ESG strategy and led by KPIs/metrics

ESG Strategy
Overtly tied to overall business objective and informs internal updates/reporting

ESG Committee Report continued

Strategy

The strategy is focused on supporting our business units with their priorities along with our environmental roadmap and commitment to net-zero, our approach to human rights risk, how we communicate with our stakeholders, and non-financial reporting.

The ESG delivery team feeds into the ESG Steering Committee which scrutinises and ensures ESG strategy implementation is on track. Outputs and actions from the ESG Steering Committee are reported directly to the ESG Committee.

2024 highlights

The Committee met three times in 2024 and discussions touched all areas of environmental, social and governance activity at Marshalls, including:

- ESG strategy review
- Setting of KPIs
- Review of carbon reduction targets for the Group
- Submission of carbon reduction targets to the Science Based Targets initiative
- Approach to climate-related risks and opportunities
- Non-financial reporting frameworks and standards

In addition, separate Board meetings took place to approve ESG disclosures as part of the Annual Report including TCFD and CFD disclosures, the Sustainability Report and the Modern Slavery Statement.

During the year, the Board also considered and approved the Group's Energy and Climate Change Policy, Environmental Policy, Health and Safety Policy and Corporate Responsibility and Social Value Policy.

2025 priorities

The ESG Committee will continue to provide oversight of the ESG strategy, with a focus on commercialising our sustainability initiatives.

There will be continued focus on ESG metrics, internal controls, social value and non-financial reporting alongside monitoring progress on our validated carbon reduction targets and supply chain audit programme.

I look forward to sharing our progress with you in next year's Annual Report.

Vanda Murray OBE
Chair
17 March 2025

Remuneration Committee Report

Annual Statement

Angela Bromfield
Chair of the Remuneration Committee

Members and attendance

	Meetings
Angela Bromfield – Chair	
Vanda Murray OBE	
Graham Prothero	
Avis Darzins	
Diana Houghton	

The Chief Executive and CFO may attend the Committee meetings by invitation but may not participate in discussions about their own remuneration. The Company Secretary acts as Secretary to the Committee and attends Committee meetings, along with the Chief People Officer.

Find our Terms of Reference at:
www.marshalls.co.uk/about-us/corporate-governance

Maintaining a Remuneration Policy which has a focus on driving long-term growth

2024 highlights

- Maintained our commitment to the Real Living Wage
- Determined the base salary adjustment for the change in Simon Bourne's responsibilities as part of his move from Chief Operating Officer to Chief Commercial Officer
- With the exception of Simon Bourne (see above), the Chair, Non-Executive Directors, Executive Directors, Executive Team members and senior leaders did not receive any salary increase for 2024. This took into account the fact that the vast majority of colleagues received a non-consolidated award for 2024
- Delivered an ahead of inflation pay award of 4 per cent from 1 January 2025 for the vast majority of our colleagues. Senior leaders allocated pay awards from an overall budget of 3.5 per cent. The Chair, Non-Executive Directors, Executive Directors and Executive Team allocated 3 per cent
- Agreed the incentive plan outcomes for 2024, taking into account the formulaic outturn and the wider stakeholder experience
- Agreed incentive plan targets for 2025, continuing to use the same financial and non-financial measures designed to align with strategic objectives and stakeholder interests. These measures take into account current expectations and the continuing market uncertainty
- Continued engagement with the Employee Voice Group ("EVG"), which operates as a forum for feedback and consultation on employee matters and wider business change. Board and Executive team members rotate attendance during the year to listen to and understand colleague viewpoints. Angela Bromfield is the Company's designated Non-Executive Director for employee engagement and attended all the EVG meetings during 2024

2025 priorities

- Monitor developments in corporate governance and reporting requirements
- Undertake a review of the Directors' Remuneration Policy and consult with shareholders, ahead of a vote at the 2026 AGM
- Review the rules of our existing share plans to ensure continued compliance ahead of their renewal at the 2025 AGM
- Oversee focus on wider workforce reward for all colleagues in the context of a continuously competitive market for talent and our 'Transform & Grow' strategy
- Continue to engage with colleagues, shareholders and other stakeholders on remuneration to ensure it remains effective
- Continue to support the running of the EVG, including the induction of new members following the cycle of re-elections to the group

Remuneration Committee Report continued

Annual Statement

Dear shareholder

I am pleased to set out in this report how the Committee has carried out its objectives and responsibilities during 2024.

The report consists of:

- My annual statement, as Chair of the Committee
- An "At a glance" summary of how incentives operate and remuneration outcomes for 2024
- The Annual Report on Remuneration, which sets out additional detail on the remuneration outcomes for the Executive Directors, disclosures required by the remuneration reporting regulations, and considerations in respect of pay for colleagues
- A summary of the Directors' Remuneration Policy (the "Policy"), which was approved at the 2023 AGM

Business performance

As noted in the Strategic Report, Marshalls delivered a resilient performance in 2024 in challenging market conditions with weak end market demand, resulting in an 8 per cent reduction in revenue. Group adjusted profit before taxation was £52.2 million, which is 2 per cent lower than 2023, reflecting the impact of lower volumes and weaker price over cost realisation. This was partially offset by the benefit of cost savings from the restructuring implemented in 2023, tight ongoing control of costs and lower finance expenses. The Group has continued to focus on closely managing working capital which resulted in strong cash conversion at 106 per cent and reduced net debt by £39.0 million.

The Group's key strategic KPIs are shown on pages 18 and 19 of the Strategic Report.

Board changes

Matt Pullen joined the Board as a Director on 8 January 2024 and took over as Chief Executive on 1 March 2024. As set out in last year's report, his base salary on appointment was set at £580,000, which was 14 per cent lower than his predecessor's salary.

In May 2024, Simon Bourne was appointed the Group's Chief Commercial Officer, having previously been the Group's Chief Operating Officer. Simon's base salary was increased by 5.5 per cent to £420,000 to reflect the pivotal nature of this role and Simon's contribution to the broader strategic transformation of the Group.

Martyn Coffey stepped down from the Board on 29 February 2024 and ceased employment on 6 December 2024. His leaving arrangements were disclosed in last year's report, but for completeness, he will receive a pro-rated MIP A award for 2024 and did not receive a MIP B award in 2024 in respect of 2023 performance. As a good leaver, in line with the Remuneration Policy, his outstanding MIP B awards vest, subject to time pro-rating, and a two-year holding period applies. Martyn is also required to comply with the Company's post-termination shareholding requirements, which require him to retain shares equivalent to 200 per cent of salary in year one post-termination and 100 per cent in year two.

Incentive outcomes

The Company operates a single long-term incentive plan, the MIP, which focuses directly and indirectly on aligning the reward of Executive Directors and senior management through delivery of some of the Group's KPIs: EPS, a ratio of operating cash flow ("OCF") to EBITDA, carbon reduction and health and safety.

2024 MIP contribution

Performance targets were set at the beginning of 2024, taking into account both internal budgets and external factors such as analyst consensus for 2024 at that time.

As with the previous year, the measures were consciously focused on financial performance, being EPS (75 per cent weighting) and OCF to EBITDA ratio (25 per cent weighting). There are two ESG objectives relating to carbon reduction and health and safety, and if these are not achieved, there is a reduction of award value of 10 per cent for each.

The final 2024 adjusted EPS for performance target purposes was 15.7 pence, which was between threshold and target levels and resulted in a pay-out of 40 per cent of maximum for this element. In calculating the earnings per share outcome for bonus purposes, the Remuneration Committee applied a 0.3 pence reduction to the adjusted earnings per share of 16.0 pence to remove the benefit of certain prior year adjustments included in the 2024 tax charge to arrive at a representative performance for the year. The Committee believes that the outcome fairly reflects overall business performance. This adjustment has no impact on MIP outcomes for previous years.

The OCF to EBITDA ratio element was 100 per cent, which resulted in a full pay-out. This was lower than the reported performance of 106 per cent due to an adjustment to reflect an item that will reverse in 2025. More details of the financial measures, targets and outturn are shown on page 100.

The EPS and OCF to EBITDA metrics resulted in a potential MIP outcome of 55 per cent of maximum for 2024 which is subject to two ESG moderators. For 2024, these were:

- A carbon reduction target, which was linked to the Company's sustainability strategy and was based on annual carbon emissions of below 43,289 tonnes. This was achieved
- A health and safety measure, based on the lost time injury frequency rate for 2024, including Marley. The injury rate was lower than 2.99 and this moderator was also achieved

As a result of achieving both of these objectives, there was no moderation applied to the MIP financial outcome of 55 per cent of maximum.

MIP A: As a result of the Company's performance during the year, the performance conditions for MIP A were achieved in part and as such a contribution to MIP A Plan Account will be made in respect of 2024, equivalent to 55 per cent of the maximum available.

MIP B: The performance conditions that determine the allocation of MIP B awards are the same as the performance conditions for MIP A. As a result of the Company's performance, there will be an allocation of awards in 2025 under MIP B in respect of 2024, equivalent to 55 per cent of the maximum available.

Martyn Coffey's MIP A contribution for 2024 and Matt Pullen's MIP A and MIP B contributions will be pro-rated for their respective periods of service during 2024.

2022 MIP B award vesting

A MIP B award was granted in March 2022 which is capable of vesting in March 2025 subject to the achievement of an EPS underpin of 21.42 pence. Average EPS in the three years ending December 2024 was higher than the underpin and, therefore, the 2022 MIP B awards will vest in March 2025.

MIP A Plan Account underpin assessment

The brought forward MIP A Plan Account balance (at 1 January 2024) was subject to an underpin relating to 2024 performance. The underpin was set at 10.7 pence and was achieved. Therefore, there is no adjustment required to the brought forward balance.

Remuneration Committee Report continued

Annual Statement

"Ensuring remuneration arrangements for Executive Directors reward delivery of our 'Transform & Grow' strategy.

Implementation of policy for 2025

Base salary

The Executive Directors' base salaries have increased by 3 per cent. This is 1 percentage point less than the vast majority of our colleague population.

2025 MIP contribution targets

For 2025, the MIP A and B incentives will continue to be based on the same measures as last year, being EPS (75 per cent weighting) and OCF to EBITDA ratio (25 per cent weighting). ESG objectives based around carbon reduction and health and safety performance will continue to act as downward moderators (up to 10 per cent each) to the financial performance outcomes. The Committee believes it remains appropriate to have a firm focus on financial performance in the current circumstances, but the moderators ensure this is achieved in an appropriate manner.

MIP A Plan Account underpin

The MIP A underpin in respect of the brought forward Plan Account balance (as at 1 January 2025) was set in early 2025 and will be assessed following the 2025 financial year. The underpin will be disclosed retrospectively in next year's report.

2025 MIP B grant underpin

The MIP B underpin for the grant in 2025 has been agreed and will be assessed based on the average EPS performance over the three-year vesting period.

The underpins, therefore, remain relevant and are aligned to the respective assessment periods.

Group-wide considerations

Marshalls is committed to creating an inclusive working environment and to continuing to reward its colleagues in a fair way. In making decisions on Executive pay, the Remuneration Committee considers remuneration and terms and conditions for colleagues across the Group. The Committee's role in monitoring and reporting on these matters is key to the promotion and development of our values and culture.

For 2024, the majority of Marshalls colleagues received a non-consolidated pay award of £700. Senior management did not receive any increase in pay. There were separate arrangements for Marley Roofing. The award in Marley, for the vast majority of colleagues, was 2.5 per cent effective 1 January 2024.

Marshalls and Marley continue to be Living Wage employers and will implement increases announced by the Living Wage Foundation requirement within the implementation window.

Our Remuneration Report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013). It meets the requirements of the 2018 UK Corporate Governance Code (the "UK Code") and is also prepared in accordance with the UK Listing Authority's Listing Rules and Disclosure and Transparency Rules.

In conclusion

Marshalls delivered a resilient performance in 2024 in weak end markets, partly mitigated through self-help measures and tight cost management. The Group has continued to focus on cash flow, resulting in strong cash conversion and a reduced net debt. Incentive outcomes fairly reflect this performance. The Group is encouraged by an improving macro-economic outlook driven by the new Government's agenda and our new 'Transform & Grow' strategy highlights the meaningful opportunities for outperformance and profitable growth in the medium term.

The reward strategy for all colleagues will continue to be a focus, with the goals of attracting and retaining the talent to help us drive the business forward.

During 2025, we will undertake a review of our Directors' Remuneration Policy and will seek the views of our largest shareholders and the proxy voting agencies. Please feel free to contact me via the Company Secretary at shiv.sibal@marshalls.co.uk if you would like to share any thoughts on current remuneration arrangements ahead of the review.

I would like to thank our shareholders for their support during the year. I will be available at the Company's 2025 AGM to answer any questions in relation to this Remuneration Committee Report.

Angela Bromfield
Chair of the Remuneration Committee
17 March 2025

Remuneration Committee Report continued

Annual Statement

At a glance

Link to Company strategy

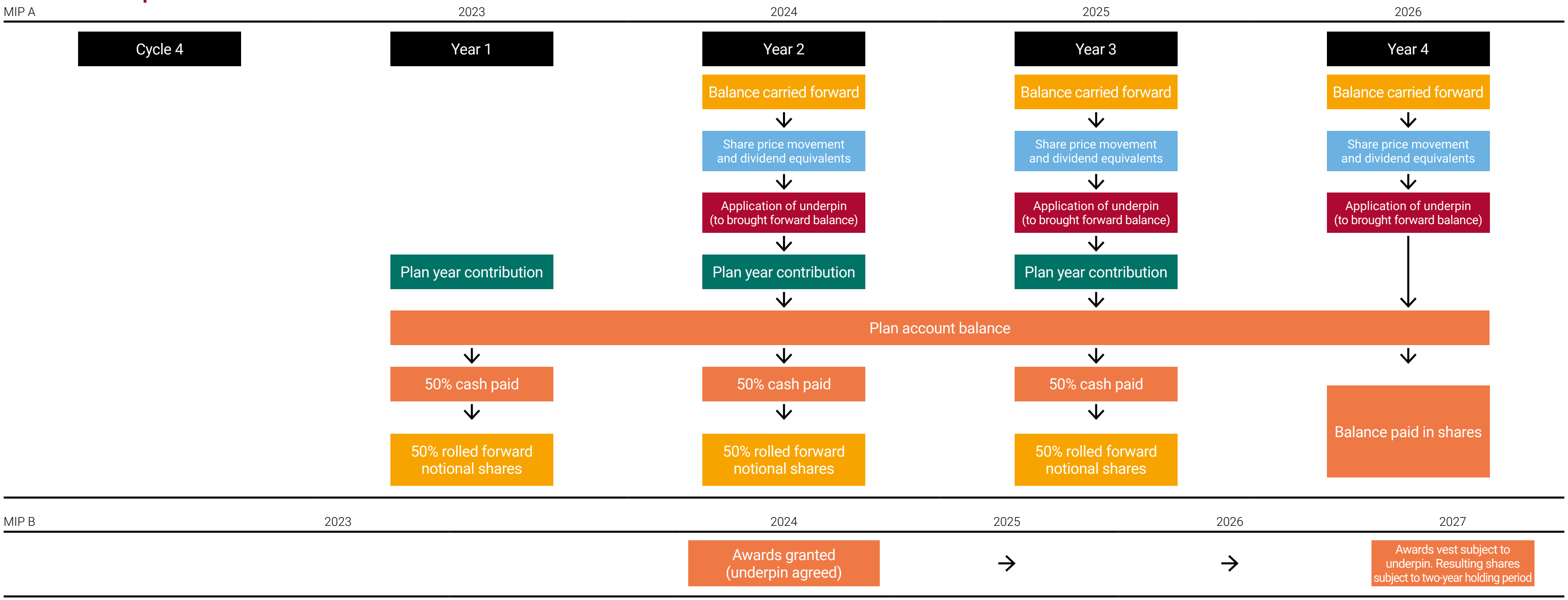
The following table sets out the Group's KPIs and how they are reflected in the operation of the MIP:

Strategic KPI	Revenue	Profit	ROCE	Net debt	Carbon reduction	Health and Safety
MIP Measure	EPS/OCF	EPS/OCF	EPS/OCF	OCF	Target KPI	Target KPI

The use of EPS as the main MIP performance condition ensures that the Executive Directors are focused on driving profitable growth in accordance with the Company's strategy. The OCF to EBITDA ratio ensures that this growth in profit is not at the expense of its quality and sustainability. The carbon reduction and health and safety performance conditions are ways we incorporate environmental, social and governance ("ESG") measures into our incentive framework and reflect our commitment to our sustainability strategy and employee wellbeing. This ensures that growth and profitability are not achieved in a way that is detrimental to the Company's environmental commitments or employees nor in a way that promotes short-term, high-risk behaviour.

Full details of the Company's strategy are set out in the Strategic Report on pages 13 and 14.

Illustration of operation of MIP A and MIP B



Remuneration Committee Report continued

Annual Statement

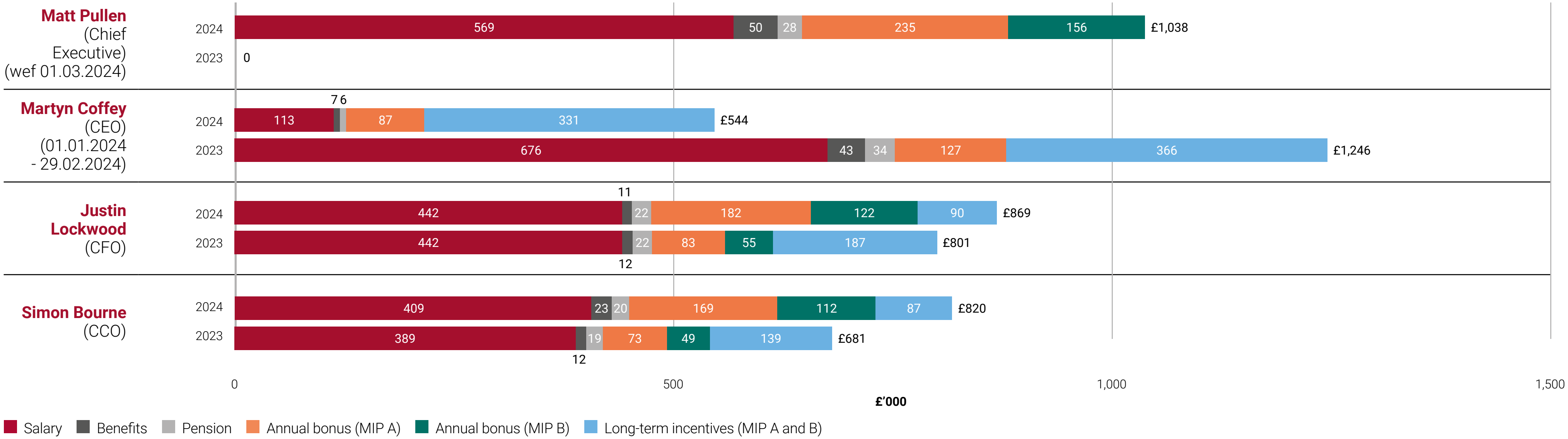
At a glance continued

Illustration of operation of MIP A and MIP B continued

2024 single figure

The following charts summarise the single figure of remuneration for 2024 in comparison with 2023 (where applicable).

2024 pay outcomes



Martyn Coffey (CEO) stepped down from the Board on 29 February 2024.

Remuneration Committee Report continued

Annual Statement

Annual report on remuneration

Implementation of the Policy in 2025

Element of pay	How we will implement the Policy in 2025
Salary	Executive Director salary increase of 3 per cent effective from 1 January 2025. There was no general increase provided in 2024, although Simon Bourne's salary was increased to reflect a change in responsibilities. • Chief Executive, Matt Pullen – £597,400 • CFO, Justin Lockwood – £455,312 • CCO, Simon Bourne – £432,600
Benefits and pension	The Executive Director's pension contribution is 5 per cent of salary, which is aligned with the majority of the wider workforce.
MIP A	Maximum opportunity of 150 per cent of salary with target set at 50 per cent of opportunity and threshold at 0 per cent. The performance measures are: • EPS (75 per cent) • Ratio of OCF to EBITDA (25 per cent) Non-financial performance conditions to reflect our focus on ESG commitments and our colleagues will apply as follows: • Carbon reduction targets must be achieved • Health and Safety: the lost time injury frequency rate for the year to be below the target for the whole Group If they are not met, the MIP A outcome can be reduced by 10 per cent for each non-financial measure. The EPS underpin used to assess the MIP A carried forward balance (as at 1 January 2025) has been set for 2025 and will be disclosed on a retrospective basis, alongside the 2025 financial outcomes.
MIP B	The 2025 performance measures are the same as for MIP A above (EPS and OCF to EBITDA ratio). The maximum opportunity is 100 per cent of salary. To the extent that the measures are achieved, a MIP B award will be granted in March 2026. For the 2025 MIP B grant, the value is based on the 2024 performance outcome (55 per cent of maximum). The awards with a face value of 55 per cent of base salary, will be granted in March 2025. Awards will vest after three years and will be subject to the achievement of an average EPS underpin. The underpin for the 2025 grant has been set. Failure to meet the underpin will result in up to half of the MIP B awards lapsing. Vested MIP B awards are subject to a two-year holding period.
Non-Executive Directors' fees	Chair and Non-Executive Director fees increased by 3 per cent. There was no increase in 2024. The fee increases are effective from 1 January 2025. • Chair fee – £238,471 • Non-Executive Director base fee – £59,385 • Chair of a Committee fee – remains at £10,000 • Senior Independent Director fee – remains at £10,000 • Employee Engagement Director fee – remains at £10,000

Remuneration Committee Report continued

Annual Statement

Annual report on remuneration continued

Single total figure of remuneration in 2024 – Executive Directors (audited)

	Fixed						Performance related											
							Annual bonus				Long-term incentives							
	Salary		Other benefits		Salary supplement in lieu of pension		MIP A		MIP B		MIP A and B		Total		Total fixed		Total variable	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Matt Pullen (e)	**569**	–	**50**	–	**28**	–	**235**	–	**156**	–	**–**	–	**1,038**	–	**647**	–	**391**	–
Martyn Coffey (f)	**113**	676	**7**	43	**6**	34	**87**	127	**–**	–	**331**	366	**544**	1,246	**126**	753	**418**	493
Justin Lockwood	**442**	442	**11**	12	**22**	22	**182**	83	**122**	55	**90**	187	**869**	801	**475**	476	**394**	325
Simon Bourne	**409**	389	**23**	12	**20**	19	**169**	73	**112**	49	**87**	139	**820**	680	**452**	420	**368**	260
Total	**1,533**	1,507	**91**	67	**76**	75	**673**	283	**390**	104	**508**	692	**3,271**	2,727	**1,700**	1,649	**1,571**	1,078
			Note (a)		Note (b)		Note (c)				Note (d)							

Notes:

a) The value of benefits includes car/car allowance, fuel/fuel allowance, private medical insurance and travel and accommodation expenses. Matt Pullen receives an allowance, payable monthly, for travel to and from his primary work location. This is subject to tax and national insurance deductions.

b) The Executive Directors each received a salary supplement in lieu of contributions into the Group's pension scheme. No Director had any entitlement under the defined benefit section of the pension scheme and no additional benefit was received as a result of early retirement.

c) The outcome of the 2024 MIP was 55 per cent of maximum. MIP A for 2024 reflects the amount to be released in cash in March 2025 in relation to the MIP A plan contribution (i.e. 50 per cent of the total MIP A Plan contribution). MIP B reflects the 50 per cent of the MIP B awards to be granted in March 2025 in relation to 2024 performance which are not subject to forfeiture.

d) The long-term incentives column shows the value of (i) the value of the MIP A Plan Account to be released as cash in March 2025 less half of the MIP A Plan contribution for 2024 (shown as Bonus MIP A) plus (ii) the estimated vesting value of the 2022 MIP B award (which was subject to an underpin) valued using the three-month average share price to 31 December 2024 (322 pence).

e) Matt Pullen joined the Board on 8 January 2024 and his remuneration elements reflect his time on the Board since the date of appointment.

f) Martyn Coffey (CEO) stepped down from the Board on 29 February 2024 and his Annual Bonus for 2024 (MIP A) reflects the period of time he was a Board Director during that financial year. His long-term incentives include (i) the value of 49,410 notional shares in his MIP A Plan Account valued using the share price on vesting of 245.5 pence (ii) 50 per cent of his pro-rated 2022 and 2023 MIP B awards, which were capable of being reduced as a result of the underpin test, vested on 6 December at 323 pence.

Single total figure of remuneration in 2024: Non-Executive Directors (audited)

	Board fee		Committee fees		Expenses		Total	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Vanda Murray OBE Chair, Chair of Nomination Committee, Chair of ESG Committee and member of Remuneration Committee	**232**	232	**10**	10	**15**	3	**257**	245
Graham Prothero Senior Independent Director, Chair of Audit Committee and member of Remuneration and Nomination Committees	**58**	58	**20**	20	**–**	–	**78**	78
Angela Bromfield Chair of the Remuneration Committee, member of Audit and Nomination Committees and designated NED for employee engagement	**58**	58	**20**	20	**8**	–	**86**	78
Avis Darzins Member of Audit, Remuneration and Nomination Committees	**58**	58	**–**	–	**4**	–	**62**	58
Diana Houghton Member of Audit, Remuneration and Nomination Committees	**58**	58	**–**	–	**2**	–	**60**	58
Total	**464**	464	**50**	50	**29**	3	**543**	517

Notes:

1) The Non-Executive Directors reclaim travel and accommodation expenses incurred in the performance of their duties. Where this is a taxable benefit it is shown as a grossed-up taxable amount.

2) The 2023 Total Fees quoted in this table exclude £21,000 (pro-rated) paid to Tim Pile who retired from the Board and all Committees on 10 May 2023. This was declared in the 2023 Annual Remuneration Report.

Remuneration Committee Report continued
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Annual report on remuneration continued

Outcomes of incentive schemes in 2024 (audited)

2024 MIP performance conditions

	Threshold (0% payable)	Maximum (100% payable)	Actual (2024) (a)	Outcome (% total award)
EPS (75% of maximum)	14.4p	17.6p	15.7p	30%
OCF to EBITDA ratio (25% of maximum) (b)	77%	94%	100%	25%
Non-financial targets (carbon reduction/Health and Safety)	–	–	Achieved	–
Aggregated total				55%

Notes:

a) In calculating the earnings per share outcomes for bonus purposes, the Remuneration Committee applied a 0.3 pence reduction to the adjusted earnings per share of 16.0 pence to remove the benefit of certain prior year adjustments included in the 2024 tax charge to arrive at a representative performance for the year. This adjustment has no impact on MIP outcomes for previous years.

b) In calculating OCF to EBITDA for bonus purposes, the Remuneration Committee reduced the outcome from the reported 106 per cent to 100 per cent to reflect an item that will reverse in 2025. This did not impact on the outcome because the target was exceeded.

Non-financial targets

The carbon reduction target is aligned to the Company's commitment to our sustainability strategy. For 2024, the target performance was that carbon consumption should be below 43,289 tonnes CO_2e based on Marshalls performance only. The outcome for 2024, on a like-for-like basis (taking into account the outsourcing of logistics) was c.28,500 tonnes (versus 32,625 in 2023). This reflects the significant progress on the decarbonisation of the business in the last few years. The Committee have also considered progress made by management in delivering key projects during the year that reduced carbon consumption including switching mobile plant and a curing chamber to lower emitting fuels and building improvement work to minimise heat loss. The business also invested in a solar array at St Ives, significantly increasing our solar PV electricity generation in 2024. During 2024, we have incorporated Marley and Viridian Solar into our carbon reduction plan, aligned with a 1.5°C pathway. Our near and long-term targets for the Group have been approved by the SBTi. These now set the baseline for future years.

The Group continued to make good progress against its stated health and safety objective of keeping the lost time injury frequency rate to a minimum. The measurement for the 2024 incentive schemes required this rate for the year, including Marley, to be no worse than 2.99. The outcome was 2.34.

MIP awards relating to 2024 performance

MIP A

Second year of MIP A cycle 4

	Matt Pullen	Martyn Coffey (a)	Justin Lockwood	Simon Bourne
Value of brought forward balance (1 January 2024)	–	£126,788	£82,884	£72,844
Share price impact	–	(£5,486)	£17,475	£15,358
Brought forward balance (current share price)	–	£121,302	£100,359	£88,202
Dividends added during 2024	–	–	£2,681	£2,356
Value of MIP contribution for Plan year 2024 (55% of 150% of salary maximum)	£469,425	£520,374	£364,650	£337,425
Plan Account balance after 2024 MIP A contribution	£469,425	£641,675	£467,690	£427,983
Cash element to be released in March 2025 (half of Plan Account)	£234,713	£520,374	£233,845	£213,991
Closing balance at 31 December 2024 (b)	£234,713	–	£233,845	£213,991
Number of notional shares represented by closing balance (based on average 30 day share price to 31/12/24) (310.7 pence) (c)	75,543	–	75,263	68,873

Notes:

a) Martyn Coffey's MIP A contribution in respect of 2024 performance is based on the amount earned during his employment in 2024 and will be settled 100 per cent in cash. The MIP A contribution in respect of 2024 performance shown in the single total figure of remuneration on page 99 reflects the period of time Martyn was a Board Director during 2024. The balance of Martyn's MIP A Account comprised 49,410 shares which vested on 6 March 2025.

b) The closing balance is converted into shares by reference to the mid-market average value for the 30-day period ended 31 December 2024 (310.7 pence). An EPS underpin has been set for 2025 which applies to the 2025 opening balance and will be disclosed retrospectively in next year's Annual Report; if the actual EPS for 2025 falls below the underpin, 50 per cent of the MIP A Plan Account balance is forfeited.

c) 50 per cent of the earned MIP A Plan Account (including the addition of the 2024 MIP A Plan contribution) is released to the participant in cash following the year end; the remaining 50 per cent is retained into the participant's MIP A Plan Account and converted into notional shares.

MIP B (2025 award to be granted in respect of 2024 performance)

	Matt Pullen	Martyn Coffey	Justin Lockwood	Simon Bourne
Total number of shares awarded	100,739	n/a	78,251	72,399
Percentage of salary	55%	n/a	55%	55%
Face value – not subject to any further conditions (£)	£156,475	n/a	£121,550	£112,475
Face value – subject to EPS forfeiture conditions (£)	£156,475	n/a	£121,550	£112,475
30 day average share price at the performance year end	£3.107	n/a	£3.107	£3.107

Notes:

a) An underpin applies to MIP B awards which can result in up to half of the awards being forfeited. For the single figure table, the Annual Bonus MIP B values reflect 50 per cent of the 2025 grant of MIP B awards which are not subject to an underpin. The value of the other half is shown under long-term incentives at the time of vesting. The remaining 50 per cent plus any dividends accrued are included on vesting and will feature in the 2026 single figure.

b) The EPS underpin has been set and will be declared retrospectively at the point of vesting. In line with normal practice, the Committee will monitor the outcomes at vesting to ensure they are appropriate. If the underpin is not met, up to 50 per cent of the MIP B options are forfeited.

c) MIP B awards vest after three years and a two-year post-vesting holding period applies.

d) MIP B options are nil-cost options and the exercise price is £nil. The face value of the award is based on the 30 day average share price during December 2024 (310.7 pence).

e) Martyn Coffey will not receive a MIP B award in 2025 relating to 2024 performance.

Remuneration Committee Report continued

Annual Statement

Annual report on remuneration continued

MIP B award (2022 and 2023 awards vesting)

MIP B awards were granted on 17 March 2022 which vest after three years subject to the achievement of and EPS underpin which was set at 21.42 pence (based on average performance over 2022-2024). The actual average EPS over the period was 21.71 pence and, therefore, the underpin was achieved and the awards will vest in full.

Martyn Coffey's outstanding 2022 and 2023 MIP B awards vested on cessation of employment on 6 December 2024. These awards were pro rated for the period served during the respective three year vesting periods.

	Number of awards granted	EPS underpin requirement (pence)	Actual EPS (2022-2024) (a) (pence)	Vesting outcome	Number of awards vesting	Vesting date
Justin Lockwood (b)	23,759	21.42	21.71	100%	23,759	March 2025
Simon Bourne (b)	26,180	21.42	21.71	100%	26,180	March 2025
Martyn Coffey (2022) (c)	76,251	21.42	21.71	100%	83,102	December 2024
Martyn Coffey (2023) (c)	67,402	22.39	–	100%	46,458	December 2024

a) The EPS underpin was set in 2021 prior to the grant of the awards a year later in 2022. The EPS underpin was set based on the corporation tax rate in place at the time of 19 per cent. To ensure comparability with the targets that were set, the actual average EPS over the period 2022-2024 has been recalculated based on a corporation tax rate of 19 per cent. This ensures that the actual outcome and the targets are based on the same underlying assumptions.

b) The vested awards will accrue dividends over the vesting period which will apply after vesting in March 2025.

c) The number of awards vesting has been reduced to reflect pro-ration for the period in employment relative to the three year vesting period. They also include the number of additional awards to reflect dividends that accrued between grant and vesting.

Awards vesting and vested awards are subject to a further two-year holding period.

Directors' outstanding share interests in MIP B awards

The following table sets out Executive Directors' MIP B awards

	Grant date	Interest at 31 December 2023	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Interest at 31 December 2024	Date of vesting
Martyn Coffey (a)	March 2022	76,251	–	83,102	(6,851)	–	December 2024
	March 2023	67,402	–	46,458	20,944	–	December 2024
Justin Lockwood	March 2022	23,759	–	–	–	23,759	March 2025
	March 2023	44,905	–	–	–	44,905	March 2026
	March 2024	–	43,068	–	–	43,068	March 2027
Simon Bourne (b)	March 2021	13,102	–	13,676	–	–	March 2024
	March 2022	26,180	–	–	–	26,180	March 2025
	March 2023	35,294	–	–	–	35,294	March 2026
	March 2024	–	37,850	–	–	37,850	March 2027

Notes:

a) Martyn Coffey's March 2022 and March 2023 options were pro-rated to the termination date in line with good leaver treatment and are subject to a two-year holding period.

b) The options granted to Simon Bourne in March 2021 were awards made to him prior to joining the Board. These vested subject to continued employment only and are not subject to an underpin assessment. These shares also include any notional dividend equivalents added during the three vesting period (13,676 vesting - 13,102 original award = 574 notional dividends).

c) An underpin applies to the MIP B awards. If the underpin is not met, up to half of the MIP B awards may lapse. The March 2022 and March 2023 awards have underpins of 21.42 pence and 22.39 pence respectively. As noted earlier, the 2022 award underpin was achieved and the 2023 award will be assessed based on the three-year average EPS over the relevant periods.

d) There is a two-year holding period following the vesting of all MIP B options.

e) Awards vesting during the year include the value of dividend equivalents.

Directors' shareholdings and share interests

The following table sets out, in respect of each of the Directors:

- The number of shares the Director holds unconditionally
- The number of shares subject to unvested incentive awards as at 31 December 2024

	Shareholding requirement (a)		Beneficially owned (d)	Deferred shares (b)	Deferred and contingent share interests (c)	Total interests in shares (including contingent interests)
Director	% of salary	Number of shares required	Number of shares	Number of shares	Number of shares	Number of shares
Executive						
Matt Pullen (e)	200	373,350	13,577	–	–	13,577
Martyn Coffey	200	451,703	455,752	211,660	211,660	879,072
Justin Lockwood	200	284,519	98,469	55,866	93,498	247,833
Simon Bourne	200	270,357	102,227	49,662	84,099	235,988
Non-Executive						
Vanda Murray OBE	–	–	39,891	–	–	39,891
Graham Prothero	–	–	2,602	–	–	2,602
Avis Darzins	–	–	6,738	–	–	6,738
Angela Bromfield	–	–	9,091	–	–	9,091
Diana Houghton	–	–	–	–	–	–

Notes:

a) The number of shares required has been calculated using the mid-market average value for the 30-day period ended 31 December 2024 (310.7 pence).

b) This column includes the 50 per cent proportion of share interests awarded in 2022, 2023 and 2024 under Element B of the MIP in the form of nil-cost options that may be exercised after the three-year deferral period but where vesting is only dependent on continuing employment throughout the three-year deferral period with no other performance conditions.

c) This column comprises of 50 per cent of the notional shares balance under MIP A which will be settled in shares and 50 per cent of the outstanding MIP B awards that may be lapsed if the financial performance criteria is not met. These awards are subject to continued employment over the relevant deferral periods.

d) The table above includes the interests of "persons closely associated" as defined under the Financial Services and Markets Act (Market Abuse) Regulations 2016.

e) Matt Pullen was appointed to the Board on 8 January 2024 and is required to build his shareholding to 200 per cent of salary. Justin Lockwood and Simon Bourne are building their shareholdings after their appointments to the Board in July 2021 and April 2022 respectively.

Vanda Murray OBE, Matt Pullen and Justin Lockwood have all acquired additional share interests between 31 December 2024 and the date of this report. The number of shares acquired is as follows:

Vanda Murray OBE	4,000
Matt Pullen	6,000
Justin Lockwood	5,000

Remuneration Committee Report continued

Annual Statement

Annual report on remuneration continued

Payments to past Directors/payments for loss of office

As set out in last year's report, Martyn Coffey stepped down from the Board and the role of Chief Executive on 29 February 2024. He continued to remain an employee of the Group until 6 December 2024.

During his period of employment Martyn received his salary, pension, car allowance and other contractual benefits. Martyn received a pro-rated MIP Element A award for his period of employment during the financial year ended 31 December 2024. Martyn retained an interest in his 2022 and 2023 MIP B awards which vested on cessation and were subject to pro-ration reduction for his period in employment with the Group. The vested awards are subject to a two-year holding period. Martyn is also required to comply with the Company's post-termination shareholding requirements, which require him to retain shares equivalent to 200 per cent of salary in year one post-termination and 100 per cent in year two.

Setting pay in context

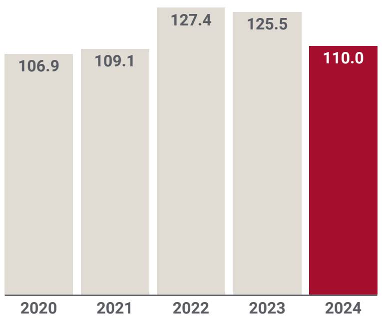
The following graphs illustrate the relationship between total expenditure on remuneration and other disbursements from profit over the past three years.

The four elements represent the most significant outgoings for the Company during the financial year. In addition to colleague pay and shareholder distributions, capital investment and taxation are shown for the following reasons:

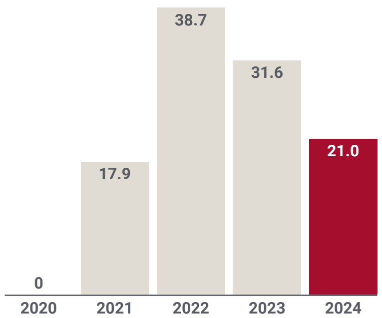
- Investment – the Company's strategy is to invest in organic growth opportunities in order to ensure that the business grows in a sustainable manner with a corresponding long-term benefit for all stakeholders
- Tax – the Company is a UK taxpayer and feels that it is beneficial to demonstrate to all its stakeholders its total UK tax contribution. The most significant elements of the Company's UK tax contribution are VAT, employer's NI, corporation tax, fuel duty and aggregates levy. As profitability increases, corporation tax will also increase. In 2024 the Group was re-accredited with the Fair Tax Mark

Relative importance of spend on pay (percentage change)

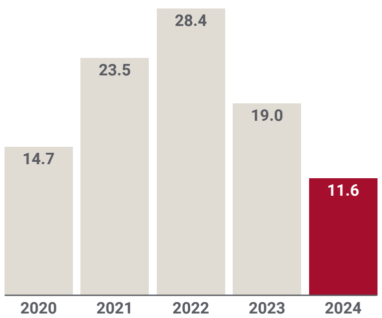
Staff pay
(£'m)
£110.0m
-12%



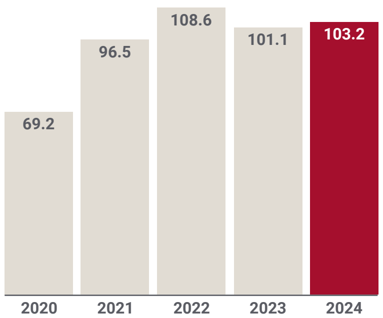
Distributions to shareholders
(£'m)
£21.0m
-34%



Capital investment
(£'m)
£11.6m
-45%



Tax
(£'m)
£103.2m
+2%



Remuneration Committee Report continued

Annual Statement

Annual report on remuneration continued

Pay comparisons

CEO ratio

The ratio of CEO pay (based on the single total figure of remuneration) to that of UK employees for the five years is shown in the table below. The calculation has been performed using the methodology in Option A of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) in line with best practice and is based on the single total figure of remuneration.

	CEO pay ratio				Employee salary				Employee total pay and benefits		
Financial year	25th percentile	50th percentile	75th percentile	CEO salary £'000	25th percentile	50th percentile	75th percentile	CEO total pay and benefits £'000	25th percentile	50th percentile	75th percentile
2024	**33:1**	**25:1**	**22:1**	**569**	**30**	**38**	**44**	**1,038**	**32**	**41**	**48**
2023	43:1	34:1	30:1	676	31	39	44	1,331	31	39	45
2022	35.4:1	27.2:1	21.7:1	621	31	40	51	1,002	33	43	53
2021	55.0:1	42.4:1	35.2:1	532	29	40	45	1,685	31	40	45
2020	70.6:1	46.3:1	38.2:1	485	23	35	42	1,695	24	37	44
2019	77.6:1	60.6:1	51.0:1	460	22	36	40	2,213	28	36	43

The 25th, 50th and 75th percentiles have been calculated using actual pay for the year ended 31 December 2024, increased where appropriate to give full-time equivalent remuneration for part-time workers or those working only part of the year.

- Our Chief Executive pay is made up of a higher proportion of performance related incentives than that of our employees, in line with the expectations of our shareholders. This introduces a higher degree of variability in Chief Executive pay each year which affects the ratio. The ratio is lower in the last two years which reflects lower levels of MIP outcomes and the base salary of Matt Pullen on appointment
- Long-term incentives are provided in shares and, therefore, a change in price during any deferral or vesting period impacts the value of a long-term incentive award in the year in which it vests
- We recognise that the ratio is mainly driven by the different structure of the Chief Executive's pay versus that of our employees, as well as the make-up of our workforce
- Where the base structure of remuneration is similar, for example on comparison between the Executive Committee pay and that of the Chief Executive, the ratio is much more stable over time

Percentage change in Directors' remuneration

In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the percentage change in Executive Director and Non-Executive Director total remuneration compared to the change for the average of UK-based employees of the Group excluding Executive Directors and Non-Executive Directors.

	Salary/fees					Taxable benefits					Short-term variable pay (b)				
	2024	2023	2022	2021	2020	**2024**	2023	2022	2021	2020	**2024**	2023	2022	2021	2020
Executive Directors															
Matt Pullen (Chief Executive)	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Justin Lockwood (CFO)	**–**	6.8%	8.1%	n/a	n/a	**(8.3%)**	9.1%	n/a	n/a	n/a	**120.0%**	26.8%	(47.2%)	n/a	n/a
Simon Bourne (CCO)	**5.1%**	40.8%	n/a	n/a	n/a	**91.7%**	50.0%	n/a	n/a	n/a	**131.6%**	44.5%	n/a	n/a	n/a
Non-Executive Directors															
Vanda Murray OBE (Chair)	**–**	8.0%	26.3%	1.4%	(0.7%)	**400.0%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Angela Bromfield (NED)	**–**	6.8%	14.1%	1.4%	(0.7%)	**–**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Graham Prothero (NED)	**–**	7.4%	80.0%	1.4%	n/a	**–**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Avis Darzins (NED)	**–**	11.4%	25.0%	1.4%	(0.7%)	**–**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Diana Houghton (NED)	**–**	n/a	n/a	n/a	n/a	**–**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Employees (a) (c)	**–**	6.2%	3.6%	0.3%	5.4%	**(53.1%)**	(87.0%)	(26.4%)	7.3%	(8.8%)	**(18.9)**	18.1%	27.1%	81%	(85.1%)

Notes:

a) For employees, the calculation is based on total pay and the average number of employees during the year. We have included all UK employees from all employing entities, including Marshalls plc, in order to provide fair reflection across the Group.

b) The bonus is the non-deferred amount earned for the relevant year taken from the single figure remuneration table on page 97.

c) The vast majority of Marshalls colleagues received a non-consolidated pay award for 2024. For the purposes of this table, that payment has been included in short-term variable pay for 2024.

Remuneration Committee Report continued

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Annual report on remuneration continued

CEO pay in the last ten years

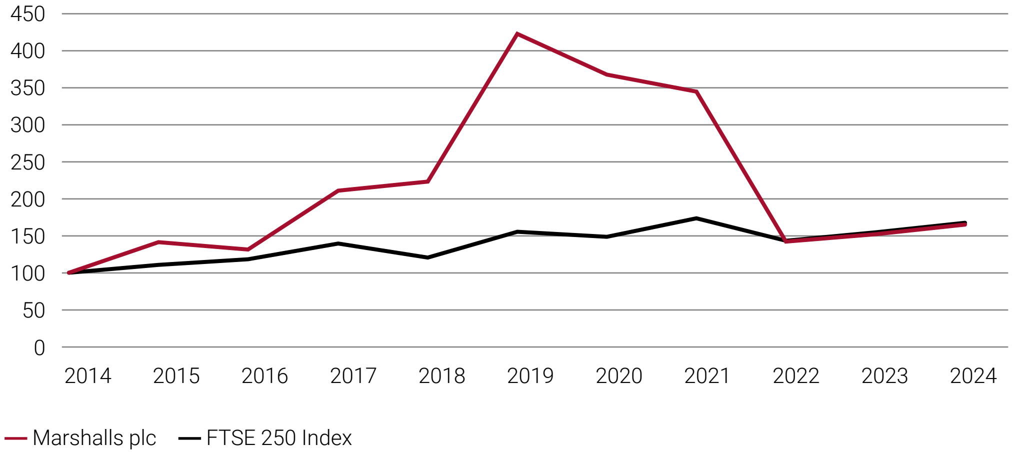
This table shows how pay for the CEO role has changed in the last ten years:

£'000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Single figure remuneration	2,064	1,913	2,383	1,602	2,213	1,695	1,685	1,010	1,246	**1,038**
% of maximum annual bonus earned	100.0%	96.9%	100.0%	98.0%	99.6%	0.0%	100.0%	30.2%	25.0%	**55.0%**
% of maximum LTIP/MIP awards vesting	100.0%	100.0%	100.0%	98.0%	99.6%	0.0%	100.0%	100.0%	n/a	**n/a**

The 2024 figures relate to Matt Pullen, who replaced Martyn Coffey as Chief Executive on 29 February 2024.

Total shareholder return

This chart shows the Group's total shareholder return ("TSR") performance compared to the FTSE 250 Index. This index has been chosen as Marshalls is a constituent of the FTSE 250. TSR is defined as share price growth plus reinvested dividends. This chart shows the value at 31 December 2024 of £100 invested in Marshalls plc on 31 December 2014 compared with the value of £100 invested in the FTSE 250. The other plotted points are the intervening financial year ends.



Source: Datastream (a LSEG product)

External advisers

The Remuneration Committee was advised during the year by FIT Remuneration Consultants LLP ("FIT") which was appointed following a competitive tender in 2023. FIT attended meetings of the Committee by invitation.

Advisers' fees are agreed by the Remuneration Committee according to the work performed and terms of engagement. The Committee is satisfied that the remuneration advice from FIT is objective and independent as it provides no other services to the Group. The Committee was also satisfied that there is no connection between the advisers and the Company or individual Directors. FIT is a signatory to the Remuneration Consultants Group's Code of Conduct.

The amount paid to FIT in respect of remuneration advice received during 2024 was £40,658 (2023: £36,232).

Wider workforce considerations

The Committee carries out an annual review of the wider workforce remuneration, incentives and policies to inform the approach applied to the remuneration of the Executive Directors and senior management. In particular, the Committee is focused on whether the approach is consistent with that applied to the wider workforce. The Committee also receives feedback from regular employee surveys and from site visits made by the Executive Directors and senior management.

2024 has been a particularly challenging year for pay negotiations. Pay awards are usually made effective 1 January. To achieve this date, negotiations commence with our recognised Trade Unions in the final quarter of the previous year. Given the continued challenging end markets, a decision was made to defer these negotiations to the second half of 2024. Conversations continued throughout the year, but we were unable to achieve an outcome. In quarter four, we proposed a two-year deal to cover 2024 and 2025. This consisted of a one-off, non-consolidated award of £700 for the vast majority of Marshalls colleagues (2024) and, through continued negotiations, a final figure of a 4 per cent consolidated award (2025). The 2025 award, ahead of the relevant inflation measures, was made in recognition of no consolidated movement in pay in 2024.

There were some exceptions to this arrangement. Senior leaders who participate in an incentive scheme were excluded from the £700 non-consolidated award for 2024 and the budget for their pay movements, from 1 January 2025, was 3.5 per cent. Senior colleagues receive rewards that reflect their performance and contribution, position against the market and retention considerations. Similarly, colleagues who participate in a sales incentive programme were also excluded from the 2024 element, but qualified for the 2025 award in line with our normal eligibility criteria.

Marley colleagues continue to participate in accordance with their relevant remuneration policies which are currently separate to the Marshalls arrangements. There has been a successful launch of the Share Purchase Plan and access to the newly launched 2024 Sharesave Scheme, enabling all colleagues to acquire shares in the Marshalls Group (see below for more information).

As Chair of the Remuneration Committee and designated Non-Executive Director for employee engagement, Angela Bromfield attends the Employee Voice Group ("EVG"). The EVG met six times during 2024 and, amongst other things, provides valuable input into a range of topics including reward and the remuneration policy. The meetings are chaired by the Chief People Officer and attended by a mixed group of colleagues from across the different parts of the Group. Colleagues from Marley have an open invitation to participate. The attendees of the meeting are elected by their colleagues to be their representatives. The current EVG representatives have reached their two-year tenure and elections have taken place and a new set of representatives were inducted in February 2025. The EVG has made recommendations, approved by the Board, to modify the cadence of the meetings. In 2025 we will meet quarterly. Other Non-Executive Directors and members of the Marshalls Executive Team also attend EVG meetings on a rotational basis. A summary of the EVG's activities is set out in the Corporate Governance Statement on pages 76 and 77.

Remuneration Committee Report continued

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Annual report on remuneration continued

Incentive schemes

Dependent on role and level of seniority, colleagues are able to share in the success of the Company through incentive compensation. The incentive approach applied to the Executive Directors aligns with the wider Company policy on incentives, which is to apply a higher percentage of at-risk performance pay for more senior roles, and also to increase the amount of the incentive that is deferred, provided in equity and/or measured over the longer term for roles with greater seniority. The key incentive schemes are the MIP and the Bonus Share Plan ("BSP"). Participation in the MIP and BSP schemes extends to senior management. Sales bonuses apply to those in relevant roles. All employees have the opportunity to join the Sharesave and the Share Purchase Plan as noted below.

Widening employee share ownership

Employees can become shareholders through employee share plans, including:

Sharesave Scheme

A new Sharesave Scheme was launched in 2024 to encourage wider ownership of Marshalls plc shares, so that colleagues were able to participate in the Group's success in a way that aligns their interests with those of shareholders.

Share Purchase Plan

The Share Purchase Plan is open to all colleagues and provides the opportunity to purchase shares in the market on a monthly basis out of gross salary.

Living Wage employer

The Group is proud to be a Living Wage employer, underscoring its commitment to its colleagues. Marshalls achieved Living Wage accreditation in 2018, with Marley achieving accreditation in 2022, and we have both maintained status throughout 2024.

Summary

In summary, the Committee is satisfied that the approach to remuneration across the wider workforce is consistent with the Company's Remuneration Policy and the wider principles of fairness and sustainability that are fundamental to the Group's culture. Further, in the Committee's opinion, the approach to Executive remuneration aligns with the approach taken in the wider Company pay policy.

Directors' Remuneration Policy

Introduction

Our current Remuneration Policy was approved by shareholders at the 2023 AGM held on 10 May 2023. A summary of the Policy is provided below. The full Policy can be viewed in the 2022 Annual Report.

2023 Remuneration Policy table

Fixed remuneration

Salary	
Purpose and how it supports the strategy	Base salary recognises the market value of the Executive's role, skills, responsibilities, performance and experience.
Operation	An Executive Director's base salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: • General salary rises for employees • Remuneration practices within the Group • Any change in scope, role and responsibilities • The general performance of the Group • The experience of the relevant Director • The economic environment • Whether a benchmarking exercise is appropriate (using salaries within the ranges paid by the companies in the comparator groups for remuneration benchmarking) Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.
Maximum	Typically, the base salaries of Executive Directors in post at the start of the Policy period and who remain in the same role throughout the Policy period will be increased by a similar percentage to the average annual percentage increase in salaries of other UK employees in the Group. The exceptions to this rule may be where: • An individual's package is below market level and a decision is taken to increase base pay to reflect proven competence in the role • There is a material increase in scope or responsibility in the individual's role The Committee ensures that maximum salary levels are positioned in line with companies of a similar size and validated against industry/sector peers, so that they are competitive. The Committee intends to review the comparators periodically and may add or remove companies as it considers appropriate. Any changes to the comparator groups will be explained in the report on the implementation of the Remuneration Policy in the following financial year.

Remuneration Committee Report continued

Annual Statement

Directors' Remuneration Policy continued

2023 Remuneration Policy table continued

Fixed remuneration continued

Pension	
Purpose and how it supports the strategy	To enable Executive Directors to make appropriate provision for retirement.
Operation	Executive Directors are entitled to join the defined contribution scheme operated by Marshalls. The Company contributes at an agreed percentage of basic salary. Executive Directors may take a pension allowance in place of the Company's contribution to the Scheme. Pension allowances are excluded for the purposes of calculating any other element of remuneration based on a percentage of salary.
Maximum	The maximum Company contribution or pension allowance for all Executive Directors is in line with that provided to the majority of employees, which is currently 5 per cent of salary. For any new Executive Director appointments, the maximum employer pension contribution or allowance will be in line with that provided to the majority of employees.

Benefits	
Purpose and how it supports the strategy	The Company is required to provide benefits in order to be competitive and to ensure it is able to recruit and retain Executive Directors.
Operation	Benefits include car or car allowance, health insurance, life assurance and membership of the Group's employee share plans (the Executive Directors will also be eligible to participate in any other all-employee plan operated by the Company from time to time). The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits may, therefore, be offered such as relocation allowances on recruitment.
Maximum	The maximum is the cost of providing the relevant benefits as described.

Variable performance-based remuneration

MIP A	
Purpose and how it supports the strategy	Enabling the successful implementation of Group strategy through setting relevant targets to measure Executive Director performance. Aligns the interests of Executives with shareholders and contributes to the retention of key individuals by ensuring that Executives take part of their annual bonus in shares or share-linked units rather than cash.
Operation	Annual performance conditions and targets are set at the beginning of the Plan year by reference to financial, strategic and operational objectives by the Remuneration Committee. As well as determining the performance conditions, targets and relative weighting, the Committee will also determine, within the approved range, the level of target bonus at the beginning of the Plan year. Upon assessment of performance by the Committee, a contribution will be made by the Company into the participant's Plan Account; up to 50 per cent of the cumulative balance will be paid in cash for the first three years of the Plan. Any remaining balance will be converted into shares or share-linked units. 100 per cent of the balance in the final year (the fourth year) of the Plan will normally be settled in the form of shares transferred or allotted to the participant. During the Plan period, 50 per cent of the retained balance is at risk of forfeiture based on a minimum performance measure determined annually by the Committee (the underpin). Full details of the relevant targets and their weighting, and how they have been measured, will be reported in the Remuneration Report for the relevant financial year. The Committee may award dividend equivalents on shares or share-linked units held under the Plan to the extent that they vest.
Maximum	Maximum 150 per cent of salary. • Threshold 0 per cent of maximum • Target 50 per cent of maximum • Maximum 100 per cent of maximum

Remuneration Committee Report continued

Annual Statement

Directors' Remuneration Policy continued

2023 Remuneration Policy table continued

Variable performance-based remuneration continued

MIP A continued	
Performance conditions	An award under the Plan is subject to satisfying relevant performance conditions and targets determined annually by the Remuneration Committee by reference to financial and non-financial objectives that are closely linked to the strategy of the business and may also contain individual performance objectives, measured over a period of one financial year. A minimum of 50 per cent of the bonus is based on financial performance measures. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the bonus, disclosing precise targets for the Plan in advance would not be in shareholder interests. Targets, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any pay-outs under the Plan. The Committee retains the discretion to: • Change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate • Make downward or upward adjustments to the amount of bonus contribution earned resulting from the application of the performance measures, if the Committee believes that the bonus outcomes are not a fair and accurate reflection of business performance Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report. The Plan contains malus and clawback provisions.

MIP B	
Purpose and how it supports the strategy	To link variable pay to achievement of annual financial and business objectives. To promote long-term shareholding in the Company and strengthen alignment between interests of Executive Directors and senior managers and those of shareholders.
Operation	Annual performance conditions and targets are set by reference to financial, strategic and operational objectives by the Remuneration Committee. Awards are granted retrospectively in shares based on the achievement of performance targets for the relevant year. Awards vest (subject to continued employment) three years from grant. Sale restrictions apply to awards that have vested: normally vested awards may not be sold for a further two years after vesting or post-cessation of employment. There is a financial underpin which, if not achieved over the three-year vesting period, results in the loss of up to 50 per cent of unvested awards. Details of the performance conditions, targets and their level of satisfaction for the year being reported on will be set out in the Remuneration Report for the relevant financial year. The Committee may award dividend equivalents on shares or share-linked units held under the Plan to the extent that they vest.
Maximum	Maximum 100 per cent of salary. • Threshold 0 per cent of maximum • Target 50 per cent of maximum • Maximum 100 per cent of maximum
Performance conditions	An award under the Plan is subject to satisfying relevant performance conditions and targets determined annually by the Remuneration Committee by reference to financial and non-financial objectives that are closely linked to the strategy of the business and may also contain individual performance objectives, measured over a period of one financial year. The Committee takes the same view on commercial sensitivity as for Element A of the MIP. The discretions set out above for Element A also apply to Element B. Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report. The Plan contains malus and clawback provisions.

Remuneration Committee Report continued

Annual Statement

Directors' Remuneration Policy continued

Minimum shareholding requirement

The minimum shareholding requirements for Executive Directors is 200 per cent of base salary. Executive Directors are required to retain 50 per cent of the post-tax number of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. Adherence to these guidelines is a condition of continued participation in the incentive arrangements. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned.

The Committee retains the discretion to increase the minimum shareholding requirements.

On cessation of employment, Executive Directors are required to retain the minimum shareholding requirement of 200 per cent of base salary for one year post-cessation and 100 per cent of base salary for a further year. Where their actual shareholding at departure is below the minimum shareholding requirement, the Executive Director's actual shareholding is required to be retained on the same terms and for the same periods.

Chair and Non-Executive Directors' Remuneration Policy

Fees	
Purpose and how it supports the strategy	Annual fee to attract and retain experienced and skilled Non-Executive Directors with the necessary experience and expertise to advise and assist with establishing and monitoring the strategic objectives of the Company. Fees reflect the time commitment and responsibilities of the roles.
Operation	The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chair's fees. Non-Executive Directors are paid an annual fee. There are additional fees for the SID role, chairing Committees and the designated employee engagement Non-Executive Director. The Company retains the flexibility to pay fees for the membership of Committees. The Chair does not receive any additional fees for membership of Committees. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. Non-Executive Directors and the Chair do not participate in any variable remuneration or benefits arrangements.
Maximum	The fees for Non-Executive Directors and the Chair are broadly set at a competitive level against the comparator group. In general, the level of fee increase for the Non-Executive Directors and the Chair will be set, taking account of any change in responsibility and salary increases for UK employees generally. The Company will pay reasonable expenses incurred by the Non-Executive Directors and Chair in the performance of their duties and may settle any tax incurred in relation to these.

Directors' service contracts

	Date of appointment	Notice by Company	Notice of Director
Matt Pullen	January 2024	12 months	12 months
Justin Lockwood	July 2021	12 months	12 months
Simon Bourne	April 2022	12 months	12 months
Vanda Murray OBE	May 2018	6 months	6 months
Graham Prothero	May 2017	6 months	6 months
Angela Bromfield	October 2019	6 months	6 months
Avis Darzins	June 2021	6 months	6 months
Diana Houghton	January 2023	6 months	6 months

Service contracts are kept at the Company's registered office.

Angela Bromfield
Chair of the Remuneration Committee
17 March 2025

Directors' Report – Other Regulatory Information

The information required by the Disclosure Guidance and Transparency Rules ("DTRs") 4.1.8R is contained in the Strategic Report and the Directors' Report.

Marshalls plc is registered with company number 5100353.

Directors and Board composition: The Directors of the Company are listed on pages 66 and 67.

As at 31 December 2024, the Company had met the targets on Board diversity set out in UKLR 6.6.6 R(9). Board and executive management composition at that date was as follows:

Gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chief Executive, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	50	4	6	86
Women	4	50	1	1	14
Not specified or preferred not to say	n/a	n/a	n/a	n/a	n/a

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chief Executive, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	7	87.5	4	5	71
Mixed/multiple ethnic groups	1	12.5	0	0	0
Asian/Asian British	0	0	0	2	29
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group	0	0	0	0	0
Not specified or preferred not to say	n/a	n/a	n/a	n/a	n/a

For the purposes of the disclosures set out above, made pursuant to UKLR 6.6.6R(9) and (10), the Company collected the relevant data from the Board directly and, in the case of executive management, the data is contained within the Group's human resources management system, Marshalls Connect. The data is provided with the consent of the relevant individuals.

Political donations: The Group made no donations during the year to any political party or political organisation or to any independent election candidate, whether in the UK or elsewhere (2023: £nil).

Risk management: The Group's risk management objectives, its approach to managing risk generally and its use of financial instruments are described in the Strategic Report on pages 54 to 64. Further details of the Group's risk management in relation to financial risks and its use of financial instruments to mitigate such risks are set out in Note 20 on pages 139 to 143.

Greenhouse gas emissions: The Group's disclosure in respect of the SECR requirements can be found in the Strategic Report on page 42.

Employees: Details of how the Directors have engaged with colleagues, the engagement channels used and the outcomes from the engagement are set out on page 30. The Company is an equal opportunities employer and is committed to ensuring that all colleagues are treated fairly and are valued irrespective of disability, race, gender, sexual orientation, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union. A copy of the Company's Diversity and Inclusion Policy is available at https://www.marshalls.co.uk/about-us/policies and details of colleague involvement and communication are explained in the Strategic Report on pages 34 and 35.

Stakeholders: Details of how the senior management team and the Directors have engaged with shareholders, customers, suppliers and other stakeholder groups are set out on pages 28 to 31, along with engagement channels used. Details of the Group's stakeholder engagement strategy are explained on pages 27 to 31. The statement by the Directors in relation to their statutory duties under Section 172(1) of the Companies Act 2006 is found on pages 24 to 26.

Corporate governance: Details of how the Group complies with and applies the UK Corporate Governance Code are set out on pages 68 and 82.

Post-balance sheet events of importance since 31 December 2024: None.

Research and development: Activity and likely future developments for the business are described in the Strategic Report on pages 15 and 16.

Dividends

The Board is recommending a final dividend of 5.4 pence (2023: 5.7 pence) per share, which, together with the interim dividend of 2.6 pence (2023: 2.6 pence) per share, makes a combined dividend of 8 pence (2023: 8.3 pence) per share. Payment of the final dividend, if approved at the Annual General Meeting, will be made on 1 July 2025 to shareholders registered at the close of business on 7 June 2025. The ex-dividend date will be 6 June 2025.

The dividend paid in the year to 31 December 2024 and disclosed in the Consolidated Income Statement was 8.3 pence (2023: 12.5 pence) per share, being the previous year's final dividend of 5.7 pence and the interim dividend of 2.6 pence per share in respect of the year ended 31 December 2024.

Share capital and authority to purchase shares

The Company's share capital at 31 December 2024 was 252,968,728 Ordinary Shares of 25 pence each. No new Ordinary Shares were issued during the year ended 31 December 2024. Details of the share capital are set out in Note 24 on page 148.

The Ordinary Shares of the Company carry equal rights to dividends, voting and return of capital on the winding up of the Company, as set out in the Company's Articles of Association. There are no restrictions on the transfer of securities in the Company and there are no restrictions on any voting rights or deadlines, other than those prescribed by law, nor is the Company aware of any arrangement between holders of its shares which may result in restrictions on the transfer of securities or voting rights, nor any arrangement whereby a shareholder has waived or agreed to waive dividends (other than the EBT – see below).

The Marshalls plc Employee Benefit Trust ("EBT") generally holds shares for the purposes of satisfying future awards that may vest under the Company's share-based incentive schemes. The EBT may purchase shares in the Company from time to time to satisfy awards granted to Directors and senior Executives (subject to the achievement of performance targets under the Company's incentive schemes) or to facilitate the satisfaction by employees of their tax liabilities arising from any rewards. Details of outstanding incentive awards are set out in Note 21 on pages 143 to 146.

Where shares are acquired by the EBT, these are accounted for by the Company as a purchase of own shares. During the year ended 31 December 2024 the EBT acquired 466,295 shares for a total consideration of £1.4 million.

At 31 December 2024, the EBT held 116,291 Ordinary Shares in the Company (2023: 100,238 Ordinary Shares) in respect of future incentive awards under the Company's employee share schemes.

Directors' Report – Other Regulatory Information continued

Share capital and authority to purchase shares continued

The EBT has waived its right to receive dividends on shares that it holds beneficially in respect of future awards. The Trustee of the EBT exercises any voting rights on such shares in accordance with the Directors' recommendations.

UK-based employees of the Group with more than six months' service may participate in the Marshalls plc Share Purchase Plan during any offer period. Employees purchase Ordinary Shares in the Company with their pre-tax salary. The shares are purchased in the market and then held in trust by Computershare Investor Services plc. Employees receive dividends on these shares and may give voting instructions to the Trustee.

At the Annual General Meeting in May 2024 shareholders gave authority to the Directors to purchase up to 37,920,012 shares, representing approximately 14.99 per cent of the Company's issued share capital in the Company, in the market during the period expiring at the next Annual General Meeting at a price to be determined within certain limits. No Ordinary Shares in the Company were purchased during the year or between 31 December 2024 and 18 March 2025 under this authority, which will expire at the 2025 Annual General Meeting. The Directors will seek to renew the authority at that meeting.

Contracts of significance and related parties

There were no contracts of significance between any member of the Group and (a) any undertaking in which a Director has a material interest, or (b) a controlling shareholder (other than between members of the Group). There have been no related party transactions between any member of the Group and a related party since the publication of the last Annual Report.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole.

Articles of Association

The Company's Articles of Association give powers to the Board to appoint Directors. Newly appointed Directors are required to retire and submit themselves for re-election by shareholders at the first Annual General Meeting following their appointment.

The Board of Directors may exercise all the powers of the Company, subject to the provisions of relevant laws and the Company's Memorandum and Articles of Association. These include specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing and buying back of shares are included in the Articles of Association and such authorities are renewed by shareholders each year at the Annual General Meeting.

The Articles of Association may be amended by Special Resolution of the shareholders.

The Group has granted indemnities to its Directors to the extent permitted by law (which are qualifying indemnity provisions under Section 236 of the Companies Act 2006) and these remained in force during the year in relation to certain losses and liabilities that the Directors may incur to third parties in the course of action as Directors or employees of the Company, any subsidiary or associated company, or a Director of the pension scheme Trustee Board. Neither the liability insurance nor the indemnities provide cover in the event of proven fraudulent or dishonest activity. The Group has not indemnified any Director under the indemnities currently in place.

Directors' interests

Details of Directors' remuneration, their interests in the share capital of the Company and the share-based payment awards are contained in the Remuneration Committee Report on pages 93 to 108.

Listing Rule requirements

The applicable requirements of UKLR 6.6.1R in respect of long-term incentive schemes and contracts of significance are included in this Annual Report.

Substantial shareholdings

The Company has no controlling shareholder. As at 14 March 2025, the Company had been notified, in accordance with DTR 5, of the following disclosable interests of 3 per cent or more in its voting rights:

	As at 28 February 2025 %	As at 31 December 2024 %
Inflexion Private Equity Partners	**8.72**	8.72
AXA Framlington Investment Managers	**5.69**	5.66
BlackRock	**5.60**	6.41
Vanguard Group	**5.17**	5.26
abrdn	**4.43**	4.42
Royal London Asset Management	**4.29**	4.05
Janus Henderson Investors	**3.90**	3.85
M&G Investments	**3.80**	3.15
Montanaro Asset Management	**3.77**	5.74
Jupiter Asset Management	**3.18**	2.57

The Directors' Report, comprising the Strategic Report, the Corporate Governance Statement and the Reports of the Audit, Remuneration and Nomination Committees, has been approved by the Board and signed on its behalf by:

Shiv Sibal
Group Company Secretary
17 March 2025

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). The Directors have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards, including FRS 101 *"Reduced Disclosure Framework"*.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- For the Group Financial Statements, state whether they have been prepared in accordance with IFRS
- For the Parent Company Financial Statements, state whether Financial Reporting Standard 101 *Reduced Disclosure Framework* has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

In preparing the Group Financial Statements, IAS 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

Responsibility statement of the Directors on the Annual Report and Accounts

The Directors who held office at the date of approval of this Directors' Report and whose names and functions are listed on pages 66 and 67 confirm that, to the best of each of their knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic Report contained in this Annual Report includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Directors have adopted the going concern basis in preparing these Financial Statements in accordance with the Financial Reporting Council's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting", issued in September 2014. The Directors considered that it was appropriate to do so, having reviewed any uncertainties that may affect the Company's ability to continue as a going concern for at least the next twelve months from the date these Financial Statements were approved.

Statement of Directors' Responsibilities continued

in respect of the Annual Report and the Financial Statements

Cautionary statement and Directors' liability

This Annual Report 2024 has been prepared for, and only for, the members of the Company, as a body, and no other persons. Neither the Company nor the Directors accept or assume any liability to any person to whom this Annual Report is shown or into whose hands it may come except to the extent that such liability arises and may not be excluded under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A of the Financial Services and Markets Act 2000.

This Annual Report contains certain forward-looking statements with respect to the Group's financial condition, results, strategy, plans and objectives. These statements are not forecasts or guarantees of future performance and involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed, implied or forecast by these forward-looking statements. All forward-looking statements in this Annual Report are based on information known to the Group as at the date of this Annual Report and the Group has no obligation publicly to update or revise any forward-looking statements, whether as a result of new information or future events. Nothing in this Annual Report should be construed as a profit forecast.

Annual General Meeting

The Notice convening the Annual General Meeting to be held at the offices of Walker Morris, 33 Wellington Street, Leeds, West Yorkshire LS1 4DL, together with explanatory notes on the Resolutions to be proposed, is contained in a circular to be sent to shareholders with this Annual Report.

By Order of the Board:

Shiv Sibal
Group Company Secretary
17 March 2025

Independent Auditor's Report

to the members of Marshalls plc

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- The Financial Statements of Marshalls plc (the "Parent Company") and its subsidiaries (the "Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended
- The Group Financial Statements have been properly prepared in accordance with United Kingdom adopted International Accounting Standards and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB")
- The Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "*Reduced Disclosure Framework*"
- The Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the Financial Statements which comprise:

- The Consolidated Income Statement
- The Consolidated Statement of Comprehensive Income
- The Consolidated and Parent Company Balance Sheets
- The Consolidated Cash Flow Statement
- The Consolidated and Parent Company Statements of Changes in Equity
- The related Notes 1 to 44

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law, United Kingdom adopted International Accounting Standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "*Reduced Disclosure Framework*".

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note 3 to the Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year is: • Revenue Within this report, our key audit matter is identified as follows: ! Newly identified
Materiality	The materiality that we used for the Group Financial Statements was £3.5 million which was determined on the basis of 6.7 per cent of adjusted profit before tax.
Scoping	We have considered the scope of our audit on a financial statement line-item basis with our final scope covering 100 per cent of Group revenue, 100 per cent of Group net assets and 100 per cent of profit before tax.
Significant changes in our approach	In the current year we have identified a key audit matter in relation to revenue, specifically due to the significant size of the balance and proportion of audit effort spent on auditing revenue. In the prior year, we identified a key audit matter relating to the impairment of goodwill of the Roofing CGU. We have no longer identified this as a key audit matter in our FY24 audit given the most recent trading results for that business. There have been no other significant changes to our approach since the prior year.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the design and implementation of controls over forecasts
- Evaluating the availability of adequate funding through assessment of repayment terms
- Assessing the historical accuracy of forecasts prepared by management and key assumptions underpinning the forecasts
- Checking the mathematical accuracy of the model used to prepare the forecasts
- Assessing the assumptions used in the forecasts, including performing sensitivity analyses in relation to assumptions for future market growth
- Understanding and evaluating the financial and non-financial covenants for the Group
- Evaluating the amount of headroom over liquidity, through review of cash flows, and covenants through re-calculation of covenant ratios
- Assessing whether the Directors have considered and reflected the Group's principal risks, including the impact of climate risks and opportunities and the downturn in the construction industry, in the Group's going concern assessment
- Evaluating the appropriateness of the going concern disclosures in the Financial Statements

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue !

Key audit matter description	The main source of revenue for the Group is the sale of construction materials as set out by management in the Strategic Report and Note 1 to the Financial Statements. Total Group revenue for 2024 is £619.2 million (2023: £671.2 million). Management's accounting policy is to recognise revenue typically on despatch, with deliveries usually made on the same day. Due to the significant size of the balance and proportion of audit effort spent on auditing revenue we have identified this as a key audit matter. This has been identified as a new key audit matter in the year; whilst there is no change in the risk level, the amount of audit effort has increased as we have fully integrated the roofing business into our analytic based testing approach. The Group's revenue recognition accounting policies are disclosed in Note 1 to the consolidated financial statements. Note 2 and strategic report on page 50 include details of revenue segments.
How the scope of our audit responded to the key audit matter	The procedures we performed across the entities within our audit scope included the following: • Testing the controls in relation to revenue recognition from ordering to cash collection, including both manual and automated controls within the cycle • Executing analytical procedures to match revenue recorded in the Financial Statements to supporting information such as sales orders, invoices, delivery notes and bank statements to identify any potential exception • Performing tests of detail over the accuracy and completeness of the data sets used in the data analytic, through agreeing a sample of entries to third-party documentation such as bank statements
Key observations	Based on the audit procedures performed we concluded that revenue was not materially misstated.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

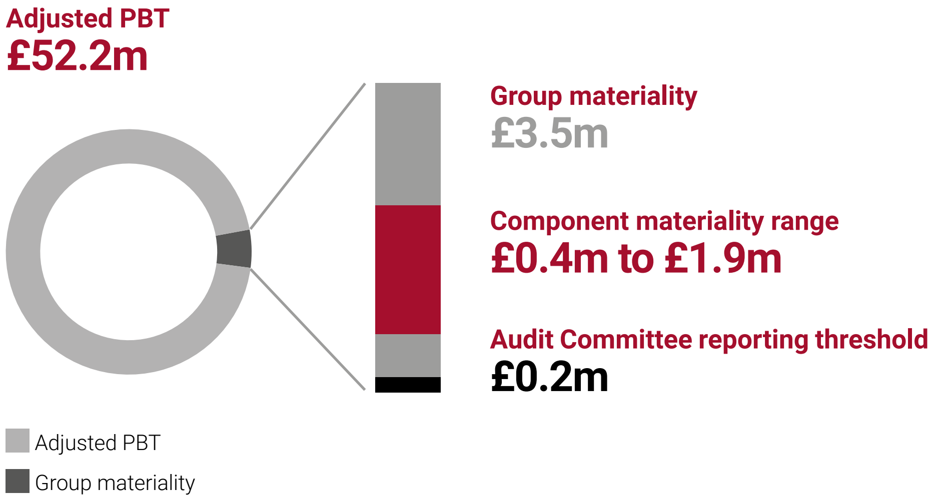
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	£3.5 million (2023: £2.5 million)	£1.7 million (2023: £1.3 million)
Basis for determining materiality	6.7 per cent of adjusted profit before tax (2023: 5 per cent of adjusted profit before tax). The reconciliation of adjusted pre-tax profit has been presented on page 121 of the consolidated financial statements.	Parent Company materiality has been capped at 50 per cent of the Group materiality. This represents 0.3 per cent of net assets (2023: 0.2 per cent of net assets).
Rationale for the benchmark applied	Adjusted profit before tax is considered key performance indicators by management and users of the financial statements when assessing the performance of the Group.	As a holding company, net assets are considered to be the primary benchmark.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Performance materiality	70 per cent (2023: 70 per cent) of Group materiality	70 per cent (2023: 70 per cent) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. Our risk assessment, including our assessment of the quality of the control environment b. The impact of the current macro-economic environment and climate change on the business and its operating environment c. The low number of corrected and uncorrected misstatements identified in previous audits	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2 million (2023: £0.1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

We have obtained an understanding of the Group and its environment, including how components are organised within the Group and the existence of Group-wide controls.

Our audit scoping has been performed utilising professional judgement to obtain sufficient coverage over significant account balances identified at the Group level. Based on this assessment, we have performed audit procedures on one or more significant classes of transactions, account balances or disclosures across the principal trading entities. The range of component performance materialities used is between £0.4 million and £1.9 million. We have considered the scope of our audit on a financial statement line-item basis with our final scope covering 100 per cent (2023: 98 per cent) of Group revenue, 100 per cent (2023: 100 per cent) of Group net assets and 100 per cent (2023: 100 per cent) of profit before tax.

The legal entity account balances not covered by our audit scope were subject to analytical procedures assessing that there were no significant risks of material misstatement in the aggregated financial information. We considered quantitative and qualitative factors in our assessment, including the residual balances not covered by our audit scope both as a percentage of the total consolidated amount of the significant account and as a multiple of Group materiality and the specific risks associated with the component. Based on our assessment, we have concluded that audit risk has been reduced to an appropriately or acceptably low level for all significant accounts.

In addition to the above, we also performed audit work on the Group and Parent Company Financial Statements, including but not limited to the consolidation of Group results, consolidation and post-closing journal entries and preparation of the Financial Statements.

7.2. Our consideration of the control environment

With involvement of our IT specialists we evaluate the IT environment of the Group and obtained an understanding of relevant IT systems and the automated controls within these systems.

In evaluating the Marshalls IT environment, we have:

- Obtained an understanding of the IT system within the finance IT environment, Microsoft AX and D365. These systems are used for the entity's financial reporting process and includes all finance, payroll and HR modules
- Tested the Data Warehouse system which houses the inventory database
- Tested the following general IT controls for Microsoft AX, D365 and Data Warehouse: access security (joiners, movers, leavers ("JML"), passwords, privileged access and user access reviews ("UARs")), change management (change process and segregation of duties)

In evaluating the Marley Group IT environment, we have:

- Obtained an understanding of the key IT system within the finance IT environment, being SAP ECC and SAP BW. These systems are used for the component's financial reporting process for monitoring its individual entities and reporting to Marshalls plc Group
- Tested the following general IT controls for SAP ECC & SAP BW: Access Security (Joiners, Movers, Leavers ("JML"), Passwords, Privileged Access and User Access Reviews ("UARs")), Change Management (Change Process and Segregation of Duties)

Controls reliance

During our audit we obtained an understanding of the relevant controls within the key business cycles for the Group. We evaluated the design and implementation of relevant controls within the order-to-cash and make-to-deliver cycles. However, due to current year IT deficiencies identified, we have not placed reliance on the controls.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

7. An overview of the scope of our audit continued

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate-related risks on the Group's business and its Financial Statements.

The Group is focused on responding to the threats and opportunities presented by climate change with a developed strategy outlining how this is to be achieved. The Directors have considered transition and physical risks when considering climate as part of their risk assessment process when considering the principal risks and uncertainties facing the Group, as disclosed in the Strategic Report on pages 54 to 64. The Directors have concluded that the key risk of climate change for the business is the reduced business from customers choosing lower-carbon products. Furthermore they have acknowledged the increasing risk of climate change and as such have put more focus into climate risk assessment and developing appropriate strategies to respond to those risks, both on a short-term basis and on consideration of the longer-term outlook. The impact of climate-related risks on the financial statements is disclosed in Note 1.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement. Our procedures were performed with the involvement of our Environmental Social and Governance (ESG) specialists and included:

- Evaluated management's assessment of the key Financial Statements line items and estimates which are more likely to be materially impacted by climate change risks given the more notable impacts of climate change on the business are expected to arise in the medium to long term
- Challenged how the Directors considered climate change in their assessment of going concern and viability based on our understanding of the business environment and by benchmarking relevant assumptions with market data
- Reviewed the Group's ESG and climate-related financial disclosures on pages 43 to 49 against the recommendations of the TCFD framework and considered if any of the information disclosed was inconsistent with the information we obtained through our audit
- Assessed whether climate risk assumptions underpinning specific account balances were appropriately disclosed
- Read the climate risk disclosures included in the Strategic Report section on pages 43 to 49 of the Annual Report for consistency with the Financial Statements and our knowledge of the business environment

8. Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors intend either to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets
- Results of our enquiries of management, internal audit, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector
- Any matters we identified having obtained and reviewed the Group's documentation of its policies and procedures relating to
  - Identifying, evaluating and complying with laws and regulations and whether it was aware of any instances of non-compliance
  - Detecting and responding to the risks of fraud and whether it has knowledge of any actual, suspected or alleged fraud
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- The matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, ESG and IT regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's environmental regulations and health and safety regulations.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- Reviewing the Financial Statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements
- Enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 111
- The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 111
- The Directors' statement on fair, balanced and understandable set out on page 111
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 55
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 82
- The section describing the work of the Audit Committee set out on pages 88 to 90

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit
- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us
- The Parent Company Financial Statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders on 20 May 2015 to audit the Financial Statements for the year ended 31 December 2015 and subsequent financial periods. During the year, the Marshalls plc Audit Committee managed a competitive audit tender process which saw us reappointed as the Group's external auditor. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is ten years, covering the years ended 31 December 2015 to 31 December 2024.

15.2. Consistency of the Audit Report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Independent Auditor's Report continued

to the members of Marshalls plc

Report on other legal and regulatory requirements continued

16. Use of our report

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

As required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.1.15R to DTR 4.1.18R, these Financial Statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R to DTR 4.1.18R. This Auditor's Report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R to DTR 4.1.18R.

Bashir Bahaj BSc FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 March 2025

Consolidated Income Statement

for the year ended 31 December 2024

	Notes	2024 £'m	2023 £'m
Revenue	2	**619.2**	671.2
Net operating costs	3	**(565.3)**	(630.2)
Operating profit	2	**53.9**	41.0
Net financial expenses	6	**(14.5)**	(18.8)
Profit before tax	2	**39.4**	22.2
Income tax expense	7	**(8.4)**	(3.8)
Profit for the financial year		**31.0**	18.4
Profit for the year			
Attributable to:			
Equity shareholders of the Parent		**31.0**	18.6
Non-controlling interests		**–**	(0.2)
Profit for the financial year		**31.0**	18.4
Earnings per share			
Basic	8	**12.3p**	7.4p
Diluted	8	**12.2p**	7.3p
Dividend			
Pence per share	9	**8.0p**	8.3p

All results relate to continuing operations.

	Notes	2024 £'m	2023 £'m
Adjusted profit measures			
Operating profit		**53.9**	41.0
Adjusting items	4	**12.8**	29.7
Adjusted operating profit		**66.7**	70.7
Profit before tax		**39.4**	22.2
Adjusting items	4	**12.8**	31.1
Adjusted profit before tax		**52.2**	53.3
Profit for the financial year		**31.0**	18.4
Adjusting items (net of tax)	4	**9.5**	23.7
Adjusted profit after tax		**40.5**	42.1
Adjusted earnings per share			
Basic	8	**16.0p**	16.7p
Diluted	8	**16.0p**	16.7p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	Notes	2024 £'m	2023 £'m
Profit for the financial year		**31.0**	18.4
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Remeasurements of the net defined benefit surplus	21	**13.4**	(9.8)
Deferred tax arising	23	**(3.4)**	2.4
Total items that will not be reclassified to the Income Statement		**10.0**	(7.4)
Items that are or may in the future be reclassified to the Income Statement:			
Effective portion of changes in fair value of cash flow hedges		**1.6**	(0.6)
Fair value of cash flow hedges transferred to the Income Statement		**(2.4)**	(1.1)
Deferred tax arising	23	**0.2**	0.8
Reclassification of sale of subsidiary		**–**	(0.6)
Exchange difference on retranslation of foreign currency net investment		**0.2**	0.1
Exchange movements associated with borrowings designated as a hedge against net investment		**–**	(0.2)
Total items that are or may be reclassified to the Income Statement		**(0.4)**	(1.6)
Other comprehensive income/(expense) for the year, net of income tax		**9.6**	(9.0)
Total comprehensive income for the year		**40.6**	9.4
Attributable to:			
Equity shareholders of the Parent		**40.6**	10.2
Non-controlling interests	25	**–**	(0.8)
		40.6	9.4

Consolidated Balance Sheet

at 31 December 2024

	Notes	2024 £'m	2023 £'m
Assets			
Non-current assets			
Goodwill	10	**324.4**	324.4
Intangible assets	11	**217.8**	227.5
Property, plant and equipment	12	**234.8**	249.4
Right-of-use assets	13	**32.4**	41.7
Employee benefits	21	**24.1**	11.0
Deferred taxation assets	23	**2.1**	1.1
		835.6	855.1
Current assets			
Inventories	14	**138.2**	125.1
Trade and other receivables	15	**80.8**	93.4
Cash and cash equivalents	16	**18.9**	34.5
Assets classified as held for sale	12	**1.5**	2.4
Derivative financial instruments	20	**1.1**	1.9
Corporation tax		**—**	1.7
		240.5	259.0
Total assets		**1,076.1**	1,114.1
Liabilities			
Current liabilities			
Trade and other payables	17	**132.1**	127.5
Corporation tax		**4.2**	—
Lease liabilities	19	**5.7**	8.0
Provisions	22	**6.6**	3.0
		148.6	138.5
Non-current liabilities			
Lease liabilities	19	**29.7**	36.7
Interest-bearing loans and borrowings	18	**152.8**	207.4
Provisions	22	**—**	5.0
Deferred taxation liabilities	23	**83.7**	85.2
		266.2	334.3
Total liabilities		**414.8**	472.8
Net assets		**661.3**	641.3

	Notes	2024 £'m	2023 £'m
Equity			
Capital and reserves attributable to equity shareholders of the Parent			
Called-up share capital	24	**63.2**	63.2
Share premium account	24	**200.0**	200.0
Merger reserve	24	**141.6**	141.6
Own shares		**(1.7)**	(1.5)
Capital redemption reserve		**75.4**	75.4
Consolidation reserve		**(213.1)**	(213.1)
Hedging reserve		**1.5**	2.1
Foreign exchange reserve		**0.7**	0.5
Retained earnings		**393.7**	373.1
Total equity		**661.3**	641.3

Approved at a Directors' meeting on 17 March 2025.

On behalf of the Board:

Matt Pullen
Chief Executive

Justin Lockwood
Chief Financial Officer

The Notes on pages 126 to 151 form part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2024

	Notes	2024 £'m	2023 £'m
Profit for the financial year		**31.0**	18.4
Income tax expense	7	**8.4**	3.8
Profit before tax		**39.4**	22.2
Adjustments for:			
Depreciation of property, plant and equipment	12	**22.1**	21.4
Asset impairments		**—**	7.3
Depreciation of right-of-use assets	13	**7.3**	9.8
Amortisation	11	**12.1**	12.1
Gain on disposal of subsidiaries		**—**	(0.6)
Gain on sale of property, plant and equipment		**(1.9)**	(1.4)
Equity settled share-based payments		**1.1**	2.8
Net financial expenses	6	**14.5**	18.8
Operating cash flow before changes in working capital		**94.6**	92.4
Decrease in trade and other receivables		**13.8**	25.8
(Increase)/decrease in inventories		**(13.1)**	10.1
Increase/(decrease) in trade and other payables		**2.0**	(23.7)
Cash generated from operations		**97.3**	104.6
Financial expenses paid		**(11.7)**	(16.5)
Income tax paid		**(8.8)**	(10.4)
Net cash flow from operating activities		**76.8**	77.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**4.4**	6.9
Financial income received		**—**	0.1
Acquisition of subsidiary undertaking		**(2.6)**	(3.0)
Acquisition of property, plant and equipment		**(9.2)**	(18.3)
Acquisition of intangible assets		**(2.4)**	(2.5)
Cash outflow on disposal of subsidiaries		**—**	(1.4)
Net cash flow from investing activities		**(9.8)**	(18.2)

	Notes	2024 £'m	2023 £'m
Cash flows from financing activities			
Payments to acquire own shares		**(1.4)**	(0.3)
Repayment of borrowings		**(80.0)**	(84.4)
Drawdown of borrowings		**25.0**	44.8
Cash payment for the principal portion of lease liabilities		**(5.3)**	(9.6)
Equity dividends paid		**(21.0)**	(31.6)
Net cash flow from financing activities		**(82.7)**	(81.1)
Net decrease in cash and cash equivalents		**(15.7)**	(21.6)
Cash and cash equivalents at the beginning of the year		**34.5**	56.3
Effect of exchange rate fluctuations		**0.1**	(0.2)
Cash and cash equivalents at the end of the year		**18.9**	34.5

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

			Attributable to equity holders of the Company							
	Share capital £'m	Share premium account £'m	Merger reserve £'m	Own shares £'m	Capital redemption reserve £'m	Consolidation reserve £'m	Hedging reserve £'m	Foreign exchange reserve £'m	Retained earnings £'m	Total equity £'m
Current year										
At 1 January 2024	63.2	200.0	141.6	(1.5)	75.4	(213.1)	2.1	0.5	373.1	641.3
Total comprehensive income for the year										
Profit for the financial year	–	–	–	–	–	–	–	–	31.0	31.0
Other comprehensive income/(expense)										
Foreign currency translation differences	–	–	–	–	–	–	–	0.2	–	0.2
Reclassification on sale of subsidiary	–	–	–	–	–	–	–	–	–	–
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	1.6	–	–	1.6
Net change in fair value of cash flow hedges transferred to the Income Statement	–	–	–	–	–	–	(2.4)	–	–	(2.4)
Deferred tax arising	–	–	–	–	–	–	0.2	–	–	0.2
Defined benefit plan actuarial loss	–	–	–	–	–	–	–	–	13.4	13.4
Deferred tax arising	–	–	–	–	–	–	–	–	(3.4)	(3.4)
Total other comprehensive (expense)/income	–	–	–	–	–	–	(0.6)	0.2	10.0	9.6
Total comprehensive (expense)/income for the year	–	–	–	–	–	–	(0.6)	0.2	41.0	40.6
Share-based payments	–	–	–	–	–	–	–	–	1.8	1.8
Deferred tax on share-based payments	–	–	–	–	–	–	–	–	–	–
Corporation tax on share-based payments	–	–	–	–	–	–	–	–	–	–
Dividends to equity shareholders	–	–	–	–	–	–	–	–	(21.0)	(21.0)
Purchase of own shares	–	–	–	(1.4)	–	–	–	–	–	(1.4)
Own shares issued under share scheme	–	–	–	1.2	–	–	–	–	(1.2)	–
Total contributions by and distributions to owners	–	–	–	(0.2)	–	–	–	–	(20.4)	(20.6)
At 31 December 2024	63.2	200.0	141.6	(1.7)	75.4	(213.1)	1.5	0.7	393.7	661.3

Consolidated Statement of Changes in Equity continued

for the year ended 31 December 2023

			Attributable to equity holders of the Company									
	Share capital £'m	Share premium account £'m	Merger reserve £'m	Own shares £'m	Capital redemption reserve £'m	Consolidation reserve £'m	Hedging reserve £'m	Foreign exchange reserve £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
Current year												
At 1 January 2023	63.2	200.0	141.6	(1.3)	75.4	(213.1)	3.0	0.3	391.2	660.3	0.8	661.1
Total comprehensive income/(expense) for the year												
Profit for the financial year	—	—	—	—	—	—	—	—	18.6	18.6	(0.2)	18.4
Other comprehensive (expense)/income												
Foreign currency translation differences	—	—	—	—	—	—	—	(0.1)	—	(0.1)	—	(0.1)
Reclassification on sale of subsidiary	—	—	—	—	—	—	—	0.3	(0.3)	—	(0.6)	(0.6)
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	—	(0.6)	—	—	(0.6)	—	(0.6)
Net change in fair value of cash flow hedges transferred to the Income Statement	—	—	—	—	—	—	(1.1)	—	—	(1.1)	—	(1.1)
Deferred tax arising	—	—	—	—	—	—	0.8	—	—	0.8	—	0.8
Defined benefit plan actuarial loss	—	—	—	—	—	—	—	—	(9.8)	(9.8)	—	(9.8)
Deferred tax arising	—	—	—	—	—	—	—	—	2.4	2.4	—	2.4
Total other comprehensive (expense)/income	—	—	—	—	—	—	(0.9)	0.2	(7.7)	(8.4)	(0.6)	(9.0)
Total comprehensive (expense)/income for the year	—	—	—	—	—	—	(0.9)	0.2	10.9	10.2	(0.8)	9.4
Share-based payments	—	—	—	—	—	—	—	—	2.8	2.8	—	2.8
Deferred tax on share-based payments	—	—	—	—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
Corporation tax on share-based payments	—	—	—	—	—	—	—	—	—	—	—	—
Dividends to equity shareholders	—	—	—	—	—	—	—	—	(31.6)	(31.6)	—	(31.6)
Purchase of own shares	—	—	—	(0.3)	—	—	—	—	—	(0.3)	—	(0.3)
Own shares issued under share scheme	—	—	—	0.1	—	—	—	—	(0.1)	—	—	—
Total contributions by and distributions to owners	—	—	—	(0.2)	—	—	—	—	(29.0)	(29.2)	—	(29.2)
At 31 December 2023	63.2	200.0	141.6	(1.5)	75.4	(213.1)	2.1	0.5	373.1	641.3	—	641.3

Notes to the Consolidated Financial Statements

1 Accounting policies

Significant accounting policies

General information

Marshalls plc (the "Company") is a public company limited by shares, incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The Consolidated Financial Statements of the Company for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

The Consolidated Financial Statements were authorised for issue by the Directors on 17 March 2025.

The Company's registered address is Landscape House, Premier Way, Lowfields Business Park, Elland HX5 9HT.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 65. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also set out in the Strategic Report. In addition, Note 20 includes the Group's policies and procedures for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Basis of preparation

The Group Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). The Parent Company has elected to prepare its Financial Statements in accordance with FRS 101 "*Reduced Disclosure Framework*" and these are presented on pages 152 to 159.

The Consolidated Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: employee benefits, derivative financial instruments and liabilities for cash settled share-based payments. The Consolidated Financial Statements are presented in Sterling, rounded to the nearest million. Sterling is the currency of the primary economic environment in which the Group operates. The material accounting policies, which have been applied consistently, are set out later in the section.

Going concern

In assessing the appropriateness of adopting the going concern basis in the preparation of the Annual Report, the Board has considered the Group's financial forecasts and its principal risks for a period of at least twelve months from the date of this report. The forecasts included projected profit and loss, balance sheet, cash flows, headroom against debt facilities and covenant compliance. The financial forecasts have been stress tested in downside scenarios to assess the impact on future profitability, cash flows, funding requirements and covenant compliance. The scenarios comprise a more severe economic downturn (which represents the Group's most significant risk) than that included in the base case forecast, and a reverse stress test on our financial forecasts to assess the extent to which an economic downturn would need to impact on revenues in order to breach a covenant. This showed that revenue would need to deteriorate significantly from the financial forecast and the Directors have a reasonable expectation that it is unlikely to deteriorate to this extent.

Details of the Group's funding position are set out in Note 20. The Group has a syndicated bank facilities of £315 million that principally matures in April 2027, having repaid £55 million of the original £370 million facility during 2024. At 31 December 2024, £160 million of the facility was undrawn (2023: £160 million undrawn). There are two financial covenants in the bank facility that are tested on a semi-annual basis and the Group maintains good cover against these with pre-IFRS 16 net debt to EBITDA of 1.5 times (covenant maximum of three times) and interest cover of 6.1 times (covenant minimum of three times).

Taking these factors into account, the Board has the reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future (a period of at least twelve months) and for this reason, the Board has adopted the going concern basis in preparing this Annual Report.

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2024 and is consistent with the policies applied in the previous year, except for the following new standards which were effective for an accounting period that begins on or after 1 January 2024. The new standards which are effective during the year (and have not had any material impact on the disclosures or on the amounts reported in these financial statements) are:

- Amendments to IAS 7 – *"Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements"*
- Amendments to IAS 1 – *"Classification of liabilities as current or non-current"*
- Amendments to IAS 1 – *"Non-current liabilities with covenants"*
- Amendments to IFRS 16 – *"Lease liability in a sale and leaseback"*

At the date of authorisation of these Consolidated Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 21 – *" Lack of exchangeability"*
- IFRS 18 – *"Presentation and disclosures in financial statements"*
- IFRS 19 – *"Subsidiaries without public accountability: disclosures"*

The Directors do not expect that the adoption of the standards listed above will have a material impact on the Consolidated Financial Statements of the Group in future periods.

Alternative performance measures and adjusting items

The Group uses alternative performance measures ("APMs") which are not defined or specified under IFRSs. The Group believes that these APMs, which are not considered to be a substitute for IFRS measures, provide additional helpful information. APMs are consistent with how business performance is planned, reported and assessed internally by management and the Board and provide additional comparative information. A glossary setting out the APMs that the Board uses, how they are used, an explanation of how they are calculated, and a reconciliation of the APMs to the statutory results, where relevant, is set out in Note 31.

Adjusting items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders. Details of the adjusting items are disclosed in Note 4 and Note 31.

Notes to the Consolidated Financial Statements continued

1 Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Consolidated Financial Statements requires the Group to make estimates and judgements that affect the application of policies and reported accounts. Critical judgements represent key decisions made by the Board in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to the Board's assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Critical accounting judgement

The following critical accounting judgement has been made in the preparation of the Consolidated Financial Statements:

- As noted, adjusting items have been highlighted separately due to their size, nature or incidence to provide a full understanding of the Group's results and to demonstrate the Group's capacity to deliver dividends to shareholders. The determination of whether items merit treatment as an adjusting item is a matter of judgement. Note 4 sets out details of the adjusting items

Sources of estimation uncertainty

The Directors consider the following to be key sources of estimation uncertainty:

- In arriving at the accounting value of the Group's defined benefit pension scheme, key assumptions have to be made in respect of factors including discount rates and inflation rates. These are determined on the basis of advice received from a qualified actuary. These estimates may be different to the actual outcomes. See further information in Note 21
- The carrying value of goodwill is reviewed on an annual basis in accordance with IAS 36. This review requires the use of cash flow projections based on a financial forecast that are discounted at an appropriate market-based discount rate. The assumption on the market-based discount rate is determined based on the advice of a third-party adviser. The actual cash flows generated by the business may be different to the estimates included in the forecasts. See further information in Note 10.
- The Group has assessed the impact of climate-related risks on the financial statements, in particular the impact on the carrying amount of the Group's property plant and equipment, going concern assessment forecasts and impairment review forecasts. The Group does not consider there to be a material impact on its judgements and estimates from the physical and transition climate-related risks. The Directors will continue to assess the changing nature of the of climate-related risks and impact on the financial statements in the future.

Material accounting policy information

Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated on consolidation. The accounting policies of the subsidiaries are consistent with the accounting policies of the Group.

Revenue

Revenue from the sale of goods is recognised in the Consolidated Income Statement when the performance obligations to customers have been satisfied. Revenue represents the invoiced value of sales to customers less returns, allowances, rebates and value added tax.

Revenue is typically recorded on despatch of the Group's products, when performance obligations to customers are satisfied. Products are usually delivered on the same day. Amounts due from customers are payable by customers on standard credit terms and there is no significant financing component or variable consideration within amounts due from customers. There are no significant obligations arising in relation to returns, refunds, warranties or similar obligations. Revenue earned from any contractually distinct installation process is recognised when the Group has fulfilled all its obligations under the installation contract.

Segmental reporting

IFRS 8 "*Operating Segments*" requires operating segments to be identified on the basis of discrete financial information about components of the Group that are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to allocate resources to the segments and to assess their trading performance. As far as Marshalls is concerned, the CODM is regarded as being the Board. The Group has three reporting segments: Landscaping Products; Building Products; and Roofing Products.

Share-based payments

The Group enters into equity settled share-based payment transactions with its employees. In particular, annual awards are made to employees under the Company's Management Incentive Plan ("MIP").

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. Where appropriate, the fair value of the options granted is measured using the Black-Scholes option valuation model, considering the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Current tax relief is available as shares vest based on the value at the date of vesting. A deferred tax asset is recognised at grant date based on the number of shares expected to be issued, at the value at which they are expected to be issued, proportioned in line with the vesting period.

Financial expenses

Net financial expenses comprise interest on obligations under the defined benefit pension scheme, the expected return on scheme assets under the defined benefit pension scheme, interest payable on borrowings calculated using the effective interest rate method, interest expense arising on leases in accordance with IFRS 16, interest receivable on funds invested, foreign exchange gains and losses and gains and losses on hedging instruments that are recognised in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements continued

1 Accounting policies continued

Material accounting policy information continued

Foreign currency translation

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Income tax

Income tax on the profit or loss for the year comprises current and deferred taxation. Income tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in other comprehensive income or in equity, in which case it is recognised accordingly. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply when the temporary difference reverses, based on rates that have been enacted or substantively enacted at the balance sheet date. A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended (including appropriate elements of internal costs). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Consolidated Income Statement as an expense as incurred.

Depreciation is charged to the Consolidated Income Statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment as follows:

Freehold buildings	20 to 40 years
Fixed plant and equipment	4 to 30 years
Mobile plant and equipment	3 to 7 years

Quarries are based on the rate of extraction.

Freehold land is not depreciated. The residual values, useful economic lives and depreciation methods are reassessed annually. Estimated costs associated with the restoration of quarries are charged in accordance with IAS 37 when costs can be measured with an appropriate degree of precision.

Right-of-use assets and leases

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. A right-of-use asset and a corresponding liability are recognised for all leases except for short-term leases and leases of low-value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated on a straight line basis over the duration of the lease, which, excluding property leases, is typically between four and eight years. The Group's leases principally comprise commercial vehicles, forklift trucks, motor vehicles, certain property assets and fixed plant.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as for the impact of lease modifications, amongst others. Lease liabilities are discounted at an incremental borrowing rate calculated as the rate of interest which the Group would have been able to borrow for a similar term with a similar security of funds necessary to obtain a similar asset in a similar market.

Short-term leases, with a duration of less than twelve months, are accounted for in accordance with the recognition exemption in IFRS 16 and hence related payments are expensed as incurred. The Group also utilises the option to apply the recognition exemption for low-value assets (with a value of less than the equivalent of £5,000), which means that related payments have been expensed as incurred.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is recognised initially as an asset at cost, allocated to cash generating units, and is measured subsequently at cost less impairment losses.

Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Impairment is tested by comparing the recoverable amount of the CGU with the carrying value of certain net assets of the CGUs with any impairment charge being allocated initially to goodwill. The recoverable amount of assets of CGUs is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any impairment arising is recognised immediately in the Income Statement and subsequent reversals of impairment losses for goodwill are not recognised. Details of the December 2024 impairment review are set out in Note 10.

Notes to the Consolidated Financial Statements continued

1 Accounting policies continued

Material accounting policy information continued

Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible assets arising on business combinations are initially measured at fair value. Following initial recognition, intangible assets are carried at cost or fair value less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding software development and capitalised development costs, are not capitalised and expenditure is reflected in the Income Statement in the year in which the expenditure is incurred.

All current intangible assets have finite lives and are amortised on a straight line basis over their expected useful lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation of intangible assets is provided over the following expected useful economic lives: brand names 20 to 25 years; customer and supplier relationships 5 to 20 years; patents, trademarks and know-how 2 to 20 years; development costs 10 to 20 years; and software 5 to 10 years.

Post-retirement benefits

Any net obligation in respect of the Group's defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any scheme assets is deducted. The discount rate is the yield at the balance sheet date on AA credit-rated corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

If the calculation results in a surplus, the resulting asset is measured at the present value of any economic benefits available in the form of refunds from the plan, or reductions in future contributions to the plan. The present value of these economic benefits is discounted by reference to market yields at the balance sheet date on high-quality corporate bonds. When the benefits of the scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement in the period of the scheme amendment. Actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan are recognised immediately within the Consolidated Statement of Comprehensive Income.

Obligations for contributions to defined contribution schemes are recognised as an expense in the Income Statement as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity, which were incurred in bringing the inventories to their present location and condition.

Trade and other receivables

Trade and other receivables are stated at initial recognition, at their transaction price (as defined in IFRS 15) if the trade receivables do not contain a significant financial component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15). Subsequent to initial recognition they are accounted for at amortised cost. Trade receivables are stated gross of a provision for expected credit losses. This provision has been determined using a lifetime expected credit loss calculation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement. For the purposes of the statement of cash flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the balance sheet to the extent the Group does not have the right and intention to settle net.

Assets classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and expected to be completed within one year from the date of classification, and the asset is available for immediate sale in its present condition.

Trade and other payables

Trade and other payables are stated at initial recognition, at their fair value and subsequently at amortised cost.

Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method.

Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimate to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate, foreign exchange and fuel pricing risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for speculative purposes. Derivative financial instruments are recognised at fair value and transaction costs are recognised in the Income Statement when incurred. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Notes to the Consolidated Financial Statements continued

1 Accounting policies continued

Material accounting policy information continued

Derivative financial instruments continued

Classification and measurement

The classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There are three principal classification categories for financial assets that are debt instruments: (i) amortised cost; (ii) fair value through other comprehensive income ("FVTOCI"); and (iii) fair value through profit or loss ("FVTPL"). Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification.

Impairment

Credit losses and expected credit losses are recognised in accordance with IFRS 9. The amount of expected credit losses is updated at each reporting date. The IFRS 9 impairment model has been applied to the Group's financial assets that are debt instruments measured at amortised cost or FVTOCI. The Group has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables, as required or permitted by IFRS 9.

Hedging

The Group has elected to apply the IFRS 9 hedge accounting requirements because they align more closely with the Group's risk management policies. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the Consolidated Statement of Comprehensive Income. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset. For cash flow hedges, other than those covered by the preceding policy statement, the associated cumulative gain or loss is removed from equity and recognised in the Consolidated Income Statement in the same period or periods during which the hedged forecast transaction affects the income or expense. The ineffective part of any gain or loss is recognised immediately in the Consolidated Income Statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, it no longer meets the criteria for hedge accounting. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Consolidated Income Statement and cash flow hedge accounting is discontinued prospectively.

Share capital

Marshalls plc has only Ordinary Share capital. These shares, with a nominal value of 25 pence per share, are classified as equity. Transactions of the Group-sponsored Employee Benefit Trust are included in the Group Financial Statements. The Trust's purchases of shares in the Company are debited directly to equity and disclosed separately in the balance sheet as "own shares".

The following paragraphs summarise the significant accounting policies of the Group, which have been applied in dealing with items which are considered material in relation to the Group's Consolidated Financial Statements.

The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these Financial Statements.

Impairment

The carrying amounts of the Group's assets, other than inventories and goodwill, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Segmental analysis

Segment revenues and operating profit

	2024 £'m	2023 £'m
Revenue		
Landscaping Products	**268.3**	321.5
Building Products	**164.6**	170.1
Roofing Products	**186.3**	179.6
Revenue	**619.2**	671.2
Operating profit		
Landscaping Products	**10.7**	21.3
Building Products	**14.1**	12.2
Roofing Products	**49.4**	44.9
Central costs	**(7.5)**	(7.7)
Adjusted operating profit	**66.7**	70.7
Adjusting items (see Note 4)	**(12.8)**	(29.7)
Reported operating profit	**53.9**	41.0
Net finance charges (Note 6)	**(14.5)**	(18.8)
Profit before tax	**39.4**	22.2
Taxation (Note 7)	**(8.4)**	(3.8)
Profit after tax	**31.0**	18.4

The Group has two customers which each contributed more than 10 per cent of total revenue in the current and prior year.

The accounting policies of the three operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned without allocation of certain central administration costs that are not capable of allocation. Centrally administered overhead costs that relate directly to the reportable segment are included within the segment's results.

Notes to the Consolidated Financial Statements continued

2 Segmental analysis continued

Geographical destinations of revenue

The geographical destinations of revenue are the United Kingdom £617.8 million (2023: £662.8 million) and Rest of the World £1.4 million (2023: £8.4 million).

Segment assets

	2024 £'m	2023 £'m
Property, plant and equipment, right-of-use assets, intangible assets and inventory:		
Landscaping Products	**222.6**	240.8
Building Products	**142.2**	142.0
Roofing Products	**584.3**	587.7
Total segment property, plant and equipment, right-of-use assets, intangible assets and inventory	**949.1**	970.5
Unallocated assets	**127.0**	143.6
Consolidated total assets	**1,076.1**	1,114.1

For the purpose of monitoring segment performance and allocating resources between segments, the Group's CODM monitors the property, plant and equipment, right-of-use assets, intangible assets and inventory. Assets used jointly by reportable segments are not allocated to individual reportable segments.

Other segment information

	Depreciation and amortisation		Property, plant and equipment, right-of-use asset and intangible asset additions	
	2024 £'m	2023 £'m	2024 £'m	2023 £'m
Landscaping Products	**17.8**	19.5	**21.2**	23.1
Building Products	**8.0**	8.0	**8.2**	4.9
Roofing Products	**5.3**	5.4	**3.8**	5.9
	31.1	32.9	**33.2**	33.9
Included in adjusting items (Note 4)	**10.4**	10.4	**–**	–
	41.5	43.3	**33.2**	33.9

Depreciation and amortisation includes £10.4 million (2023: £10.4 million) of amortisation of intangible assets arising from the purchase price allocation exercises comprising £0.1 million (2023: £0.1 million) in Landscaping Products, £1.1 million (2023: £1.1 million) in Building Products and £9.2 million (2023: £9.2 million) in Roofing Products. The amortisation has been treated as an adjusting item (Note 4).

Impairments of £nil (2023: £7.3 million) within property, plant and equipment comprise £nil (2023: £1.8 million) in Landscaping Products, £nil (2023: £4.3 million) in Building Products and £nil (2023: £1.2 million) in Roofing Products.

3 Net operating costs

	2024 £'m	2023 £'m
Raw materials and consumables	**237.5**	235.4
Changes in inventories of finished goods and work in progress	**(14.4)**	12.9
Personnel costs (Note 5)	**132.8**	160.9
Depreciation of property, plant and equipment	**22.1**	21.4
Depreciation of right-of-use assets	**7.3**	9.8
Amortisation of intangible assets	**12.1**	12.1
Asset impairments	**–**	7.3
Own work capitalised	**(1.3)**	(2.5)
Other operating costs	**174.0**	177.5
Operating costs	**570.1**	634.8
Other operating income	**(2.9)**	(2.6)
Net gain on asset and property disposals	**(1.9)**	(1.4)
Net gain on disposal of subsidiary	**–**	(0.6)
Net operating costs	**565.3**	630.2
Adjusting items (Note 4)	**(12.8)**	(29.7)
Adjusted net operating costs	**552.5**	600.5

	2024 £'m	2023 £'m
Net operating costs include:		
Auditor's remuneration (see below)	**0.8**	0.8
Short-term and low-value lease costs	**2.7**	7.1
Research and development costs	**1.8**	3.6

In respect of the year under review, Deloitte LLP carried out work in relation to:

	2024 £'m	2023 £'m
Audit of Financial Statements of Marshalls plc	**0.1**	0.1
Audit of Financial Statements of subsidiaries of the Company	**0.7**	0.7
	0.8	0.8

These fees include a cost of £40,000 associated with Deloitte LLP's review of the Group's Half Year Report (2023: £40,000).

Notes to the Consolidated Financial Statements continued

4 Adjusting items

	2024 £'m	2023 £'m
Amortisation of intangible assets arising on acquisition (i)	**10.4**	10.4
Transformation costs (ii)	**2.5**	—
Contingent consideration (iii)	**1.6**	1.6
Significant property disposal (iv)	**(1.7)**	—
Redundancy and similar costs (v)	**—**	11.3
Impairment of property, plant and equipment (vi)	**—**	7.0
Disposal of/impairment of assets in the Belgian subsidiary (vii)	**—**	(0.6)
Adjusting items within operating profit (Note 3)	**12.8**	29.7
Adjusting items within financial expenses (viii) (Note 6)	**—**	1.4
Adjusting items before taxation	**12.8**	31.1
Current tax on adjusting items (Note 7)	**(0.7)**	(2.7)
Deferred tax on adjusting items (Note 7)	**(2.6)**	(4.7)
Adjusting items after taxation	**9.5**	23.7

Notes:

(i) Amortisation of intangible assets arising on acquisitions is principally in respect of values recognised for the Marley brand and its customer relationships.

(ii) Transformation costs represent costs incurred in respect of the 'Transform & Grow' strategy.

(iii) The additional contingent consideration relates to the reassessment of the amounts that will become payable to vendors arising in relation to Marley's acquisition of Viridian Solar Limited in 2021.

(iv) The significant property disposal gain arose on the disposal of the Group's former manufacturing site in Carluke.

(v) Restructuring and similar costs arose during major restructuring exercises conducted when the Group took steps to reduce manufacturing capacity and the cost base in response to a reduction in market demand.

(vi) The impairment of property, plant and equipment arose in connection with the major restructuring exercise noted above.

(vii) On 14 April 2023, the Group's interest in the former Belgian subsidiary was sold for a nominal consideration. This consideration was higher than the net carrying value on this date which resulted in a non-recurring profit of £0.6 million.

(viii) The adjusting item in interest expense of £1.4 million is a non-cash technical accounting charge arising from the resolution of certain historical benefit issues. An allowance of £6.5 million was included in the net pension scheme asset at December 2022 and following the resolution of the benefit issues, this has been reduced to £5.5 million. This net reduction of £1.0 million comprised a profit and loss account charge of £1.4 million arising from the decision by the Board to not reduce pension payments to certain pensioners who were receiving payments that were too high and a £2.4 million credit to the Consolidated Statement of Comprehensive Income relating to adjustments to estimates. Further information on the accounting for the retirement benefit asset is set out in Note 21.

5 Personnel costs

	2024 £'m	2023 £'m
Personnel costs (including amounts charged in the year in relation to Directors):		
Wages and salaries	**108.2**	122.7
Social security costs	**11.7**	13.5
Share-based payments	**1.8**	2.8
Contributions to defined contribution pension scheme	**11.1**	12.6
Included in net operating costs (Note 3)	**132.8**	151.6
Personnel costs relating to redundancy and other costs (Note 3)	**—**	9.3
Total personnel costs	**132.8**	160.9

	2024 £'m	2023 £'m
Remuneration of Directors:		
Salary	**1.5**	1.5
Other benefits	**0.1**	0.1
MIP Element A bonus	**0.7**	0.3
MIP Element B bonus	**0.4**	0.1
Amounts receivable under the MIP at the end of cycle 3	**0.5**	0.7
Salary supplement in lieu of pension	**0.1**	0.1
Non-Executive Directors' fees and fixed allowances	**0.5**	0.5
	3.8	3.3

The aggregate of emoluments and amounts receivable under the Management Incentive Plan ("MIP") of the highest-paid Director was £0.4 million (2023: £0.1 million), including a salary supplement in lieu of pension of £nil (2023: £nil).

There are no Directors to whom retirement benefits are accruing in respect of qualifying services. As set out in the Annual Remuneration Report on page 99, the Executive Directors receive a salary supplement in lieu of pension equal to their contractual entitlements.

Further details of Directors' remuneration, share options, Long-term Incentive Plans ("LTIPs") and pension entitlements are disclosed in the Remuneration Committee Report on pages 93 to 108.

The average monthly number of persons employed by the Group during the year was:

	2024 Number	2023 Number
Continuing operations		
Landscaping products	**1,213**	1,556
Building products	**621**	636
Roofing products	**526**	542
Plc	**121**	200
	2,481	2,934

Notes to the Consolidated Financial Statements continued

6 Financial expenses and income

	2024 £'m	2023 £'m
(a) Financial expenses		
Interest expense on bank loans	**12.5**	14.7
Interest expense on lease liabilities	**1.7**	2.5
Net interest expense on defined benefit pension scheme	**0.3**	0.2
(b) Adjusting items	**14.5**	17.4
Adjusting interest expense on defined benefit pension scheme (Note 4)	**–**	1.4
(c) Financial income		
Interest receivable and similar income	**–**	(0.1)
Net financial expenses	**14.5**	18.8

Net interest expense on the defined benefit pension scheme is disclosed net of Company recharges for scheme administration (Note 21).

7 Income tax expense

	2024 £'m	2023 £'m
Current tax expense		
Current year	**13.7**	8.8
Adjustments for prior years	**–**	(1.4)
	13.7	7.4
Deferred taxation expense		
Origination and reversal of temporary differences:		
Current year	**(4.0)**	(3.0)
Adjustments for prior years	**(1.3)**	(0.6)
Total tax expense	**8.4**	3.8
Current tax on adjusting items (Note 4)	**0.7**	2.7
Deferred tax on adjusting items (Note 4)	**2.6**	4.7
Total adjusted tax expense	**11.7**	11.2

	2024 %	2024 £'m	2023 %	2023 £'m
Reconciliation of effective tax rate				
Profit before tax	**100.0**	**39.4**	100.0	22.2
Tax using domestic corporation tax rate	**25.0**	**9.9**	23.5	5.2
Impact of capital allowances in excess of depreciation	**1.5**	**0.6**	10.4	2.3
Non-taxable income	**(1.2)**	**(0.5)**	–	–
Short-term timing differences	**2.1**	**0.8**	2.7	0.6
Adjustment to tax charge in prior year	**–**	**–**	(6.3)	(1.4)
Expenses not deductible for tax purposes	**7.4**	**2.9**	3.1	0.7
Corporation tax charge for the year	**34.8**	**13.7**	33.4	7.4
Impact of capital allowances in excess of depreciation	**(1.5)**	**(0.6)**	0.9	0.2
Impact of intangible amortisation	**(7.2)**	**(2.8)**	(11.3)	(2.5)
Short-term timing differences	**(1.2)**	**(0.5)**	(0.5)	(0.1)
Pension scheme movements	**(0.2)**	**(0.1)**	(1.8)	(0.4)
Adjustment to tax charge in prior year	**(3.4)**	**(1.3)**	(2.7)	(0.6)
Impact of the change in the rate of corporation tax on deferred taxation	**–**	**–**	(0.9)	(0.2)
Total tax charge for the year	**21.3**	**8.4**	17.1	3.8

The net amount of deferred taxation credited to the Consolidated Statement of Comprehensive Income in the year was £3.2 million (2023: debited £3.2 million).

The majority of the Group's profits are earned in the UK which has a corporation tax of 25.0 per cent for the year to 31 December 2024.

The adjustment to the tax charge in the prior year under deferred tax arises from a cautious view of capital allowances claimable. The corresponding amount in the CT charge is offset by patent box and R&D claims made.

The Group operates in the United Kingdom and the Netherlands which have enacted new legislation to implement the global minimum top-up tax. The Group does not expect to be subject to the top-up tax in relation to its operations in these jurisdictions as both the statutory tax rates and adjusted effective tax rates are expected to continue to be above 15 per cent. The newly enacted legislation was effective from 1 January 2024 but there is no current tax impact for the year ended 31 December 2024.

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 current tax when it is incurred. If top-up tax had applied in 2024 the Group would not expect that any top-up tax would have arisen.

Rest of the World revenues, profits, net assets and headcount amount to less than 5 per cent of the consolidated group total for each category.

Notes to the Consolidated Financial Statements continued

8 Earnings per share

Basic earnings per share from total operations of 12.3 pence (2023: 7.4 pence) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial year, after adjusting for non-controlling interests, of £31.0 million (2023: £18.6 million) by the weighted average number of shares in issue during the period of 252,807,833 (2023: 252,824,077).

Basic earnings per share after adding back adjusting items of 16.0 pence (2023: 16.7 pence) per share is calculated by dividing the adjusted profit attributable to Ordinary Shareholders for the financial year, after adjusting for non-controlling interests, of £40.5 million (2023: £42.3 million) by the weighted average number of shares in issue during the period of 252,807,833 (2023: 252,824,077).

Profit attributable to Ordinary Shareholders

	2024 £'m	2023 £'m
Profit before adding back adjusting items	40.5	42.1
Adjusting items	(9.5)	(23.7)
Profit for the financial year	31.0	18.4
Profit attributable to non-controlling interests	–	0.2
Profit attributable to Ordinary Shareholders	31.0	18.6

Weighted average number of Ordinary Shares

	2024 Number	2023 Number
Number of issued Ordinary Shares	252,968,728	252,968,728
Effect of shares transferred into Employee Benefit Trust	(160,895)	(144,651)
Weighted average number of Ordinary Shares at the end of the year	252,807,833	252,824,077

Diluted earnings per share from total operations of 12.2 pence (2023: 7.3 pence) per share is calculated by dividing the profit for the financial year, after adjusting for non-controlling interests, of £31.0 million (2023: £18.6 million) by the weighted average number of shares in issue during the period of 252,807,833 (2023: 252,824,077) plus potentially dilutive shares of 999,738 (2023: 1,026,468), which totals 253,807,571 (2023: 253,850,545).

Diluted earnings per share after adding back adjusting items of 16.0 pence (2023: 16.7 pence) per share is calculated by dividing the adjusted profit for the financial year, after adjusting for non-controlling interests, of £40.5 million (2023: £42.3 million) by the weighted average number of shares in issue during the period of 252,807,833 (2023: 252,824,077) plus potentially dilutive shares of 999,738 (2023: 1,026,468), which totals 253,807,571 (2023: 253,850,545).

Weighted average number of Ordinary Shares (diluted)

	2024 Number	2023 Number
Weighted average number of Ordinary Shares	252,807,833	252,824,077
Potentially dilutive shares	999,738	1,026,468
Weighted average number of Ordinary Shares (diluted)	253,807,571	253,850,545

9 Dividends

After the balance sheet date, a final dividend of 5.4 pence was proposed by the Directors. This dividend has not been provided for and there are no income tax consequences.

	Pence per qualifying share	2024 £'m	2023 £'m
2024 final	5.4	13.7	
2024 interim	2.6	6.6	
	8.0	20.3	
2023 final	5.7		14.4
2023 interim	2.6		6.6
	8.3		21.0

The following dividends were approved by the shareholders and recognised in the Financial Statements:

	Pence per qualifying share	2024 £'m	2023 £'m
2024 interim	2.6	6.6	
2023 final	5.7	14.4	
	8.3	21.0	
2023 interim	2.6		6.6
2022 final	9.9		25.0
	12.5		31.6

The Board recommends a dividend for 2024 of 5.4 pence per qualifying Ordinary Share amounting to £13.7 million, to be paid on 1 July 2025 to shareholders registered at the close of business on 6 June 2025. The shares will be marked ex-dividend on 5 June 2025.

Notes to the Consolidated Financial Statements continued

10 Goodwill

	Goodwill £'m
Cost	
At 1 January 2023	331.5
Recognised on acquisition of subsidiary	1.8
At 31 December 2023	333.3
At 1 January 2024	**333.3**
Recognised on acquisition of subsidiary	**–**
At 31 December 2024	**333.3**
Amortisation and impairment losses	
At 1 January and 31 December 2023	8.9
At 1 January and 31 December 2024	**8.9**
Carrying amounts	
At 1 January 2023	322.6
At 31 December 2023	324.4
At 31 December 2024	**324.4**

All goodwill has arisen from business combinations. The carrying amount of goodwill is allocated across cash generating units ("CGUs") which represent the lowest level within the Group at which the associated goodwill is monitored for management purposes and is consistent with the operating segments set out in Note 2. The Group has three material CGUs: Landscaping Products, Building Products and Roofing Products. The carrying amount of goodwill has been allocated to CGUs as follows:

	2024 £'m	2023 £'m
Landscaping Products	**34.8**	34.8
Building Products	**43.7**	43.7
Roofing Products	**245.9**	245.9
	324.4	324.4

Building Products and Landscaping Products

The recoverable amounts of the Building Products and Landscaping Products segments as cash-generating units are determined based on value in use calculations which use cash flow projections based on financial budgets approved by the directors covering a five-year period and a post-tax discount rate of 10.0 per cent per annum (2023: 10.4 per cent per annum). Cash flows beyond that five-year period have been extrapolated using a 2.4 per cent (2024: 2.4 per cent) per annum growth rate. This growth rate reflects the long-term structural growth in demand for the segment's products.

Roofing Products

The recoverable amount of the Roofing Products segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period and a post-tax discount rate of 10 per cent per annum (2023: 10.4 per cent per annum). Cash flows beyond that five-year period have been extrapolated using a 2.4 per cent (2023: 2.4 per cent) per annum growth rate. This growth rate reflects expectations of the long-term structural growth in demand for the segment's products.

The compound annual growth rate ('CAGR') assumed within the Roofing Products CGU five-year forecast is 9.1 per cent which reflects industry consensus with respect to the future recovery in the construction materials market together with management's expectations of future growth in residential solar PV as a consequence of amendments made to building regulations in England and Wales.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts of Building Products CGU are based would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts.

At the end of the financial year, the recoverable amount of the Roofing Products CGU exceeds the carrying amount by £77 million, which is lower than the other CGUs given the recency of the acquisition, and consequently the impairment review is more sensitive to changes in assumptions. The CAGR in the Roofing Products CGU is particularly sensitive to future political and regulatory decisions and the industry's interpretation of the most effective solution to building regulation requirements regarding the use of roof-integrated solar in new homes. These factors could affect growth rates within the residential solar PV market and may have a corresponding impact on profit margins. Changes in regulations regarding both the UK's ambitions for the energy efficiency of residential properties and the specificity on how they should be achieved represent reasonably possible downside risks that could give rise to a future impairment charge. A CAGR of six per cent would reduce the headroom in the Roofing Products CGU to £nil.

The impairment review is also sensitive to changes in discount rate with an increase of 100 basis points in the post-tax rate required to reduce headroom in the Roofing Products CGU to £nil, giving a breakeven point for the post-tax rate of 11.0 per cent. A reduction in the long-term market growth rate to 0.9 per cent would eliminate the headroom of the Roofing Product CGU.

At the end of 2024, the recoverable amount in the Landscaping Products CGU was £145 million higher than the carrying amount. The Board expects a significant improvement in the performance of the Landscaping Products reporting segment as a result of the comprehensive performance improvement plan that was implemented from June 2024, the details of which are set out elsewhere in this report, and the market consensus growth forecasts for the sector. The combination of both of these assumptions is included within the value in use of the Landscaping Products CGU and given the subjective nature of these assumptions it is reasonably possible that both will not occur as the Directors forecast. However, it would require a reduction of around one-third of forecast cash flows before the value in use of the CGU exceeded the recoverable amount.

Notes to the Consolidated Financial Statements continued

11 Intangible assets

	Brand £'m	Customer relationships £'m	Supplier relationships £'m	Patents, trademarks and know-how £'m	Development costs £'m	Software £'m	Total £'m
Cost							
At 1 January 2023	82.8	158.2	1.6	1.7	0.7	25.9	270.9
Additions	—	—	—	—	—	2.5	2.5
At 31 December 2023	82.8	158.2	1.6	1.7	0.7	28.4	273.4
At 1 January 2024	**82.8**	**158.2**	**1.6**	**1.7**	**0.7**	**28.4**	**273.4**
Additions	**—**	**—**	**—**	**—**	**—**	**2.4**	**2.4**
At 31 December 2024	**82.8**	**158.2**	**1.6**	**1.7**	**0.7**	**30.8**	**275.8**
Amortisation and impairment losses							
At 1 January 2023	2.4	11.0	1.4	1.6	0.5	16.9	33.8
Amortisation for the year	2.4	7.9	0.1	—	0.1	1.6	12.1
At 31 December 2023	4.8	18.9	1.5	1.6	0.6	18.5	45.9
At 1 January 2024	**4.8**	**18.9**	**1.5**	**1.6**	**0.6**	**18.5**	**45.9**
Amortisation for the year	**2.4**	**7.9**	**0.1**	**—**	**0.1**	**1.6**	**12.1**
At 31 December 2024	**7.2**	**26.8**	**1.6**	**1.6**	**0.7**	**20.1**	**58.0**
Net book value							
At 31 December 2023	78.0	139.3	0.1	0.1	0.1	9.9	227.5
At 31 December 2024	**75.6**	**131.4**	**—**	**0.1**	**—**	**10.7**	**217.8**

Included in software additions is £1.0 million (2023: £1.6 million) of own work capitalised.

Group cost of software includes £1.9 million (2023: £4.0 million) in respect of assets in the course of construction.

There is no capital expenditure that has been contracted for, but for which no provision has been made in the Consolidated Financial Statements.

Amortisation charge

The amortisation charge is recognised in the following line item in the Consolidated Income Statement:

	2024 £'m	2023 £'m
Net operating costs (Note 3)	**12.1**	12.1

12 Property, plant and equipment

	Land and buildings £'m	Quarries £'m	Plant, machinery and vehicles £'m	Total £'m
Cost				
At 1 January 2023	158.6	26.2	441.3	626.1
Additions	0.4	—	16.1	16.5
Reclassified as held for sale	(3.7)	(0.7)	(9.0)	(13.4)
Disposals	(1.9)	(0.7)	(7.5)	(10.1)
At 31 December 2023	153.4	24.8	440.9	619.1
At 1 January 2024	**153.4**	**24.8**	**440.9**	**619.1**
Additions	**0.6**	**—**	**8.6**	**9.2**
Reclassifications	**1.6**	**(1.5)**	**(0.1)**	**—**
Reclassified as held for sale	**(0.7)**	**(0.1)**	**—**	**(0.8)**
Disposals	**(0.9)**	**(3.9)**	**(7.2)**	**(12.0)**
At 31 December 2024	**154.0**	**19.3**	**442.2**	**615.5**
Depreciation and impairment losses				
At 1 January 2023	46.3	10.3	303.0	359.6
Depreciation charge for the year	3.0	0.4	18.0	21.4
Reclassified as held for sale	(1.8)	(0.2)	(9.0)	(11.0)
Impairments	—	2.3	5.0	7.3
Disposals	(0.2)	—	(7.4)	(7.6)
At 31 December 2023	47.3	12.8	309.6	369.7
At 1 January 2024	**47.3**	**12.8**	**309.6**	**369.7**
Depreciation charge for the year	**2.8**	**0.5**	**18.8**	**22.1**
Reclassified as held for sale	**(0.1)**	**—**	**—**	**(0.1)**
Reclassifications	**1.4**	**(1.4)**	**—**	**—**
Disposals	**(1.0)**	**(3.5)**	**(6.5)**	**(11.0)**
At 31 December 2024	**50.4**	**8.4**	**321.9**	**380.7**
Net book value				
At 31 December 2023	106.1	12.0	131.3	249.4
At 31 December 2024	**103.6**	**10.9**	**120.3**	**234.8**

Mineral reserves and associated land have been separately disclosed under the heading of "Quarries".

Notes to the Consolidated Financial Statements continued

12 Property, plant and equipment continued

The impairments in 2023, totalling £7.3 million, represent the assets being written down to recoverable value by £7.0 million in relation to major restructuring exercises when the Group took steps to reduce manufacturing capacity and the cost base in response to a reduction in market demand, along with £0.3 million of other impairments to land and buildings as part of a review prior to sale.

During the year ended 31 December 2024, property, plant and equipment with a book value of £0.7 million (2023: £2.4 million) have been reclassified as held for sale in accordance with IFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*". Total assets classified as held for sale at 31 December 2024 amounted to £1.5 million (2023: £2.4 million).

Group cost of land and buildings and plant and machinery includes £nil (2023: £1.0 million) and £2.0 million (2023: £32.3 million) respectively for assets in the course of construction.

Capital commitments

	2024 £'m	2023 £'m
Capital expenditure that has been contracted for but for which no provision has been made in the Consolidated Financial Statements	**2.2**	1.3

Depreciation charge

The depreciation charge is recognised in the following line item in the Consolidated Income Statement:

	2024 £'m	2023 £'m
Net operating costs (Note 3)	**22.1**	21.4

13 Right-of-use assets

	Land and buildings £'m	Plant and equipment £'m	Total £'m
Cost			
At 1 January 2023	19.9	45.2	65.1
Additions	3.7	11.2	14.9
Disposals	(4.1)	(4.0)	(8.1)
Modifications	(0.3)	—	(0.3)
At 31 December 2023	19.2	52.4	71.6
At 1 January 2024	**19.2**	**52.4**	**71.6**
Additions	**2.9**	**18.7**	**21.6**
Disposals	**(0.7)**	**(34.7)**	**(35.4)**
Modifications	**0.4**	**(0.6)**	**(0.2)**
At 31 December 2024	**21.8**	**35.8**	**57.6**
Depreciation and impairment losses			
At 1 January 2023	5.3	22.8	28.1
Depreciation charge for the year	2.0	7.8	9.8
Disposals	(4.1)	(3.9)	(8.0)
At 31 December 2023	3.2	26.7	29.9
At 1 January 2024	**3.2**	**26.7**	**29.9**
Depreciation charge for the year	**1.8**	**5.5**	**7.3**
Disposals	**(0.6)**	**(11.4)**	**(12.0)**
At 31 December 2024	**4.4**	**20.8**	**25.2**
Net book value			
At 31 December 2023	16.0	25.7	41.7
At 31 December 2024	**17.4**	**15.0**	**32.4**

Depreciation charge

The depreciation charge is recognised in the following line item in the Consolidated Income Statement:

	2024 £'m	2023 £'m
Net operating costs (Note 3)	**7.3**	9.8

Lease commitments

	2024 £'m	2023 £'m
Lease commitments that have been contracted for but have not yet commenced	**2.6**	6.6

The disposal of right-of-use assets principally arose in connection with the outsourcing of the Group's logistics function.

Notes to the Consolidated Financial Statements continued

14 Inventories

	2024 £'m	2023 £'m
Raw materials and consumables	**28.2**	29.4
Finished goods and goods for resale	**110.0**	95.7
	138.2	125.1

Inventories stated at a net realisable value less than cost at 31 December 2024 amounted to £11.7 million (2023: £13.4 million). The write down of inventories made during the year amounted to £3.8 million (2023: £4.2 million). There were £1.7 million of reversals of inventory write downs made in previous years in 2024 (2023: £1.4 million).

15 Trade and other receivables

	2024 £'m	2023 £'m
Trade receivables	**72.7**	83.6
Other receivables	**3.4**	3.9
Prepayments and accrued income	**4.7**	5.9
	80.8	93.4

Ageing of trade receivables

	2024 £'m	2023 £'m
Not past due	**57.3**	56.7
Overdue by less than 30 days	**13.3**	24.7
Overdue by between 30 and 60 days	**1.0**	2.1
Overdue by more than 60 days	**2.2**	1.1
	73.8	84.6

There were no net receivables due after more than one year (2023: £nil). All amounts above are disclosed gross of a provision for expected credit losses of £1.1 million (2023: £1.0 million). This provision has been determined using a lifetime expected credit loss calculation. Assumptions made regarding the recoverability of balances have been determined with reference to past default experiences in line with our policies and understanding. Balances are only written off if deemed irrecoverable after all credit control procedures have been exhausted.

16 Cash and cash equivalents

	2024 £'m	2023 £'m
Cash and cash equivalents	**18.9**	34.5

17 Trade and other payables

	2024 £'m	2023 £'m
Current liabilities		
Trade payables	**72.5**	59.3
Taxation and social security	**9.5**	10.6
Other payables	**9.9**	20.7
Accruals	**40.2**	36.9
	132.1	127.5

All trade payables are due in six months or less.

Included within accruals is £1.1 million (2023: £1.9 million) in relation to outstanding insurance claim liabilities, and £0.2 million (2023: £4.1 million) in relation to an accrual for redundancy costs.

18 Interest-bearing loans and borrowings

	2024 £'m	2023 £'m
Analysed as:		
Non-current liabilities	**152.8**	207.4
	152.8	207.4

Bank loans
The bank loans are subject to intra-Group guarantees by certain subsidiary undertakings.

19 Lease liabilities

	2024 £'m	2023 £'m
Analysed as:		
Amounts due for settlement within twelve months (shown under current liabilities)	**5.7**	8.0
Amounts due for settlement after twelve months	**29.7**	36.7
	35.4	44.7

	2024			2023		
	Minimum lease payments £'m	Interest £'m	Principal £'m	Minimum lease payments £'m	Interest £'m	Principal £'m
Less than 1 year	**7.2**	**1.5**	**5.7**	10.1	2.1	8.0
1 to 2 years	**6.0**	**1.4**	**4.6**	8.4	1.8	6.6
2 to 5 years	**13.6**	**2.9**	**10.7**	16.2	4.1	12.1
In more than 5 years	**19.9**	**5.5**	**14.4**	25.0	7.0	18.0
	46.7	**11.3**	**35.4**	59.7	15.0	44.7

Notes to the Consolidated Financial Statements continued

19 Lease liabilities continued

As at 31 December 2024, the total minimum lease payments (above) comprised property of £28.7 million (2023: £23.1 million) and plant, machinery and vehicles of £18.0 million (2023: £36.6 million).

Certain leased properties have been sublet by the Group. Sublease payments of £0.2 million (2023: £0.1 million) are expected to be received during the following financial year. An amount of £0.2 million (2023: £0.2 million) was recognised as income in the Consolidated Income Statement within net operating costs in respect of subleases.

The Group does not face a significant liquidity risk with regard to its lease liabilities. For the year ended 31 December 2024, the interest expense on lease liabilities amounted to £1.7 million (2023: £2.5 million). Lease liabilities are calculated at the present value of the lease payments that are not paid at the commencement date.

For the year ended 31 December 2024, the average effective borrowing rate was 5.0 per cent (2023: 4.2 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The vast majority of lease obligations are denominated in Sterling.

For the year ended 31 December 2024, the total cash outflow in relation to leases amounts to £7.0 million (2023: £11.6 million). The total cash outflow in relation to short-term and low-value leases was £2.7 million (2023: £7.1 million).

Lease liabilities totalling £24.4 million were derecognised during the period as a result of the outsourcing of the Group's logistics function.

20 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate, liquidity and currency risks. The Group primarily finances its operations using share capital, retained profits and borrowings. The Group's bank loans are non-equity funding instruments, further details of which are set out on page 142.

As directed by the Board, the Group does not engage in speculative activities using derivative financial instruments. Group cash reserves are held centrally to take advantage of the most rewarding short-term investment opportunities. Forward foreign currency contracts are used in the management of currency risk.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and pricing risk. The Board reviews and agrees the policies for managing each of these risks and they have remained unchanged since 2023.

Capital management

The Group defines the capital that it manages as its total equity and net debt balances. The Group manages its capital structure in light of current economic conditions and its strategic objectives to ensure that it is able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of debt and equity balances.

The Group manages its medium-term bank debt to ensure continuity of funding and the policy is to arrange funding ahead of requirements and to maintain sufficient undrawn committed facilities. A key objective is to ensure compliance with the covenants set out in the Group's bank facility agreements.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's incentive schemes. Buy and sell decisions are made on a specific transaction basis by the Board.

There has been no change in the objectives, policies or processes with regard to capital management during the years ended 31 December 2024 and 31 December 2023.

Financial risks

The Group has exposure to a number of financial risks through the conduct of its operations. Risk management is governed by the Group's operational policies, guidelines and authorisation procedures, which are outlined in the Strategic Report on pages 54 to 64. The key financial risks resulting from financial instruments are liquidity risk, interest rate risk, credit risk, foreign currency risk and pricing risk.

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings. For instance, a weakening of Pound Sterling on the foreign currency market would increase the cost of certain raw materials, whereas a strengthening would have the opposite effect.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cash flow forecasts and budgets. Cash resources are largely and normally generated through operations and short-term flexibility is achieved by bank facilities. Bank debt is raised centrally and the Group aims to maintain a balance between flexibility and continuity of funding by having a range of maturities on its borrowings. Details of the Group borrowing facility are provided on page 142.

(b) Interest rate risk

The Group has a single syndicated debt facility comprising a term loan of £155 million and revolving credit facility of £160 million. The Group borrows at floating rates of interest and, where appropriate, uses interest rate swaps and interest rate caps to generate the desired interest rate profile, thereby managing the Group's exposure to interest rate fluctuations.

70 per cent of the £155 million term loan is covered by interest rate swaps and caps of varying maturities up until 2026, which reflects the maturity date of the related loans and medium-term requirements, in accordance with Group policy. The Group classifies its interest rate swaps as cash flow hedges and states them at fair value. The fair value of interest rate swaps is £1.0 million asset (2023: £1.8 million asset) and is recognised within the hedge reserve where effective on an ongoing basis. The period that the swaps cover is matched against the debt maturity in order to fix the impact on the Income Statement. During the year £1.4 million (2023: £0.7 million) has been recognised in other comprehensive income for the year with £2.2 million (2023: £0.9 million) being reclassified from equity to the Income Statement. The interest rate swaps have been fully effective in the period.

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

Financial risks continued

(b) Interest rate risk continued

Sensitivity analysis

A change of 100 basis points in interest rates at the balance sheet date would have decreased equity and profit by the amounts shown below. The sensitivity analysis has been undertaken before the effect of tax. The sensitivity analysis of the Group's exposure to interest rate risk has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis was performed on the same basis for 2023.

	2024 £'m	2023 £'m
Increase of 100 basis points	**(0.7)**	(0.9)
Decrease of 100 basis points	**0.7**	0.9

(c) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and, where appropriate, credit insurance cover is obtained. This provides excellent intelligence to minimise the number and value of bad debts and ultimately provides compensation if bad debts are incurred. An ageing of trade receivables is shown in Note 15 on page 138.

Cash and cash equivalents of £18.9 million (2023: £34.5 million) are held with financial institutions that have an A+ credit rating.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties with which the Group has a signed netting agreement as well as sound credit ratings. Derivative financial instruments of £1.1 million (2023: £1.9 million) are all held with financial institutions that have an A+ credit rating. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

(d) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily Euros and US Dollars.

The Group's policy is to cover all significant foreign currency commitments in respect of trade receivables and trade payables by using forward foreign currency contracts. All the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group classifies its forward exchange contracts as cash flow hedges and states them at fair value. The fair value of forward exchange contracts is a £0.2 million asset (2023: £nil) and is adjusted against the hedging reserve on an ongoing basis. During the year £0.2 million (2023: £0.1 million) has been recognised in other comprehensive income for the year with £0.1 million (2023: £nil) being reclassified from equity to the Income Statement. At 31 December 2024 all outstanding forward exchange contracts had a maturity date within twelve months.

The foreign currency profile of monetary items was:

	2024				2023			
	Sterling £'m	Euro £'m	US Dollar £'m	Total £'m	Sterling £'m	Euro £'m	US Dollar £'m	Total £'m
Cash and cash equivalents	**14.1**	**1.1**	**3.7**	**18.9**	30.2	0.9	3.4	34.5
Trade receivables	**72.8**	**–**	**–**	**72.8**	83.6	–	–	83.6
Secured bank loans	**(152.8)**	**–**	**–**	**(152.8)**	(207.4)	–	–	(207.4)
Trade payables	**(70.7)**	**(1.6)**	**(0.2)**	**(72.5)**	(56.6)	(2.1)	(0.6)	(59.3)
Lease liabilities	**(35.4)**	**–**	**–**	**(35.4)**	(44.7)	–	–	(44.7)
Derivative financial instruments	**1.1**	**–**	**–**	**1.1**	1.8	–	0.1	1.9
Balance sheet exposure	**(170.9)**	**(0.5)**	**3.5**	**(167.9)**	(193.1)	(1.2)	2.9	(191.4)

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

Financial risks continued

(d) Foreign currency risk continued

A 10 per cent strengthening and weakening of the following currencies against the Pound Sterling at 31 December 2024 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis was performed on the same basis for 2023:

	2024 £'m	2023 £'m
10% strengthening of £ against €	**0.1**	0.1
10% weakening of £ against €	**(0.1)**	(0.1)
10% strengthening of £ against $	**(0.3)**	(0.3)
10% weakening of £ against $	**0.3**	0.2

(e) Pricing risks

Where appropriate the Group uses hedging instruments to mitigate the risks of significant forward price rises of fuel in relation to expected consumption. Fuel hedges were in place until August 2024. There are no fuel hedges in place at 31 December 2024. The Group classifies its fuel hedges as cash flow hedges and states them at fair value. The fair value of the fuel hedges is £nil (2023: £0.1 million asset) and is adjusted against the hedging reserve on an ongoing basis. The period that the fuel hedges cover is matched against future expected purchases in order to fix the impact on the Income Statement. During the year £0.1 million (2023: £nil) has been recognised in other comprehensive income, with £0.2 million (2023: £0.2 million) being reclassified from equity to the Income Statement. The fuel hedges have been fully effective in the period.

When combining interest rate swaps, fuel hedges and forward contracts, this gives a total of £1.6 million credit (2023: £0.6 million debit) recognised in other comprehensive income for the year with £2.4 million credit (2023: £1.1 million debit) being reclassified from equity to the Income Statement.

(f) Other risks

Further information about the Group's strategic and financial risks is contained in the Strategic Report on pages 54 to 64.

Effective interest rates and maturity of liabilities

At 31 December 2024 there were £35.4 million (2023: £44.7 million) of Group borrowings on a fixed rate. The interest rate profile of the financial liabilities is set out below. The tables also disclose cash and cash equivalents in order to reconcile to net debt (Note 27).

	Fixed or variable rate	**Effective interest rate %**	**Total £'m**	**6 months or less £'m**	**6–12 months £'m**	**1–2 years £'m**	**2–5 years £'m**	**More than 5 years £'m**
31 December 2024								
Cash and cash equivalents (Note 16)	**Variable**	**5.8**	**(18.9)**	**(18.9)**	**—**	**—**	**—**	**—**
Interest-bearing loans and borrowings (Note 18)	**Variable**	**5.8**	**152.8**	**—**	**—**	**8.4**	**144.4**	**—**
Lease liabilities (Note 19)	**Fixed**	**5.0**	**35.4**	**2.9**	**2.8**	**4.6**	**10.7**	**14.4**
			169.3	**(16.0)**	**2.8**	**13.0**	**155.1**	**14.4**

	Fixed or variable rate	Effective interest rate %	Total £'m	6 months or less £'m	6–12 months £'m	1–2 years £'m	2–5 years £'m	More than 5 years £'m
31 December 2023								
Cash and cash equivalents (Note 16)	Variable	6.7	(34.5)	(34.5)	—	—	—	—
Interest-bearing loans and borrowings (Note 18)	Variable	6.7	207.4	—	—	—	207.4	—
Lease liabilities (Note 19)	Fixed	4.2	44.7	3.8	4.2	6.6	12.1	18.0
			217.6	(30.7)	4.2	6.6	219.5	18.0

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

Financial risks continued

(f) Other risks continued

Effective interest rates and maturity of liabilities continued

At 31 December the undiscounted outstanding contractual payments (including interest) of financial liabilities were as follows:

	Fixed or variable rate	Carrying value £'m	Total £'m	6 months or less £'m	6–12 months £'m	1–2 years £'m	2–5 years £'m	More than 5 years £'m
31 December 2024								
Interest-bearing loans and borrowings	**Variable**	**152.8**	**174.7**	**4.8**	**4.8**	**17.7**	**147.4**	**–**
Trade and other payables	**Variable**	**122.8**	**122.8**	**122.8**	**–**	**–**	**–**	**–**
Lease liabilities	**Fixed**	**35.4**	**46.7**	**3.6**	**3.6**	**6.0**	**13.6**	**19.9**
Derivative financial assets	**Fixed**	**(1.1)**	**(1.1)**	**(0.3)**	**–**	**(0.8)**	**–**	**–**
		309.9	**343.1**	**130.9**	**8.4**	**22.9**	**161.0**	**19.9**

	Fixed or variable rate	Carrying value £'m	Total £'m	6 months or less £'m	6–12 months £'m	1–2 years £'m	2–5 years £'m	More than 5 years £'m
31 December 2023								
Interest-bearing loans and borrowings	Variable	207.4	254.3	7.3	7.2	14.5	225.3	–
Trade and other payables	Variable	116.8	116.8	116.8	–	–	–	–
Lease liabilities	Fixed	44.7	59.7	4.9	5.2	8.4	16.2	25.0
Derivative financial assets	Fixed	(1.9)	(1.9)	0.2	(0.1)	–	(2.0)	–
		367.0	428.9	129.2	12.3	22.9	239.5	25.0

Borrowing facilities

The total bank borrowing facility at 31 December 2024 amounted to £315.0 million (2023: £370.0 million), of which £160.0 million (2023: £160.0 million) remained unutilised. The undrawn facility available at 31 December 2024, in respect of which all conditions precedent had been met, was as follows:

	2024 £'m	2023 £'m
Committed:		
Expiring in more than 5 years	**–**	–
Expiring in more than 2 years but not more than 5 years	**160.0**	160.0
Expiring in 1 year or less	**–**	–
Uncommitted:	**–**	–
Expiring in 1 year or less	**–**	–
	160.0	160.0

£17.0 million of the reduced facility of £315.0 million matures in April 2026 and the remaining £298.0 million matures one year later in April 2027. The Group's committed bank facilities are charged at variable rates based on SONIA plus a margin. The Group's bank facility continues to be aligned with the current strategy to ensure that headroom against the available facility remains at appropriate levels and is structured to provide committed medium-term debt.

Marshalls has a receivables purchase agreement with a UK bank and is party to a reverse factoring finance arrangement between a third-party UK bank and one of the Group's key customers (the principal relationship is between the customer and its partner bank). Under these agreements, Marshalls has the option of transferring the ownership of certain customer receivables to the bank or to receive advance payment of approved invoices from the key customer, respectively. Utilising either agreement results in the derecognition of receivables from the Group's balance sheet. The Group utilises these facilities periodically in order to help manage its short-term funding requirements and pays a finance charge on utilisation.

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

Borrowing facilities continued

Fair values of financial assets and financial liabilities

A comparison by category of the book values and fair values of the financial assets and liabilities of the Group at 31 December 2024 is shown below:

	2024 Book amount £'m	2024 Fair value £'m	2023 Book amount £'m	2023 Fair value £'m
Trade and other receivables	**76.1**	**76.1**	87.5	87.5
Cash and cash equivalents	**18.9**	**18.9**	34.5	34.5
Bank loans	**(152.8)**	**(146.1)**	(207.4)	(202.2)
Trade payables, other payables and provisions	**(122.8)**	**(122.8)**	(116.8)	(116.8)
Interest rate swaps, forward contracts and fuel hedges	**1.1**	**1.1**	1.9	1.9
Contingent consideration	**(6.6)**	**(6.6)**	(8.0)	(8.0)
Financial instrument assets and liabilities – net	**(186.1)**		(208.3)	
Non-financial instrument assets and liabilities – net	**847.4**		849.6	
	661.3		641.3	

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table. Other than contingent consideration, which uses a level 3 basis, all use level 2 valuation techniques.

(a) Derivatives

Derivative contracts are either marked to market using listed market prices or by discounting the contractual forward price at the relevant rate and deducting the current spot rate. For interest rate swaps, broker quotes are used.

(b) Interest-bearing loans and borrowings

Fair value is calculated based on the expected future principal and interest cash flows discounted at the market rate of interest at the balance sheet date.

(c) Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

(d) Contingent consideration

The basis of calculating contingent consideration is set out in Note 22 on pages 146 and 147.

(e) Fair value hierarchy

The table below analyses financial instruments, measured at fair value, into a fair value hierarchy based on the valuation techniques used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
31 December 2024				
Derivative financial assets	**–**	**1.1**	**–**	**1.1**
Contingent consideration (Note 22)	**–**	**–**	**(6.6)**	**(6.6)**
	–	**1.1**	**(6.6)**	**(5.5)**
31 December 2023				
Derivative financial assets	–	1.9	–	1.9
Contingent consideration (Note 22)	–	–	(8.0)	(8.0)
	–	1.9	(8.0)	(6.1)

21 Employee benefits

Marshalls Group Limited sponsors a funded defined benefit pension scheme in the UK (the "Scheme"). The Scheme is administered within a trust which is legally separate from the Company. The Trustee Board is appointed by both the Company and the Scheme's membership and acts in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustee is also responsible for the investment of the Scheme's assets.

The defined benefit section of the Scheme provides pension and lump sums to members on retirement and to dependants on death. The defined benefit section closed to future accrual of benefits on 30 June 2006 with the active members becoming entitled to a deferred pension. Members no longer pay contributions to the defined benefit section. Company contributions to the defined benefit section after this date are used to fund any deficit in the Scheme and the expenses associated with administering the Scheme, as determined by regular actuarial valuations.

The Trustee is required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

The defined benefit section of the Scheme poses a number of risks to the Company, for example longevity risk, investment risk, interest rate risk, inflation risk and salary risk. The Trustee is aware of these risks and uses various techniques to control them. The Trustee has a number of internal control policies, including a Risk Register, which are in place to manage and monitor the various risks it faces. The Trustee's investment strategy incorporates the use of liability-driven investments ("LDIs") to minimise sensitivity of the actuarial funding position to movements in interest rates and inflation rates.

Notes to the Consolidated Financial Statements continued

21 Employee benefits continued

The defined benefit section of the Scheme is subject to regular actuarial valuations, which are usually carried out every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures which are determined using best estimate assumptions. A formal actuarial valuation was carried out as at 5 April 2021. A triennial valuation as at 5 April 2024 is currently underway and, based on information to date, the Company does not expect cash contributions to be payable following its finalisation. The results of that valuation have been projected to 31 December 2024 by a qualified independent actuary. The figures in the following disclosure were measured using the projected unit method.

The amounts recognised in the Consolidated Balance Sheet were as follows:

	2024 £'m	2023 £'m
Present value of Scheme liabilities	(204.2)	(239.4)
Fair value of Scheme assets	228.3	250.4
Net amount recognised at the year end (before any adjustments for deferred tax)	24.1	11.0

The current and past service costs, settlements and curtailments, together with the net interest expense for the year, are included in the employee benefits expense in the Consolidated Statement of Comprehensive Income. Remeasurements of the net defined benefit surplus are included in other comprehensive income.

	2024 £'m	2023 £'m
Net interest expense before adjusting items	0.3	0.2
Adjusting interest expense (Note 4)	–	1.4
Net interest expense recognised in the Consolidated Income Statement	0.3	1.6
Remeasurements of the net liability:		
Return on Scheme assets (excluding amount included in interest expense)	18.9	1.4
(Gain)/loss arising from changes in financial assumptions	(22.3)	10.8
Gain arising from changes in demographic assumptions	(3.1)	(3.6)
Experience (gain)/loss	(6.9)	1.2
Debit recorded in other comprehensive income	(13.4)	9.8
Total defined benefit (credit)/debit	(13.1)	11.4

The principal actuarial assumptions used were:

	2024	2023
Liability discount rate	5.4%	4.6%
Inflation assumption – RPI	3.2%	3.1%
Inflation assumption – CPI	2.8%	2.6%
Rate of increase in salaries	n/a	n/a
Revaluation of deferred pensions	2.8%	2.6%
Increases for pensions in payment:		
CPI pension increases (maximum 5% p.a.)	2.7%	2.6%
CPI pension increases (maximum 5% p.a., minimum 3% p.a.)	3.5%	3.5%
CPI pension increases (maximum 3% p.a.)	2.1%	2.0%
Proportion of employees opting for early retirement	0%	0%
Proportion of employees commuting pension for cash	80%	80%
Mortality assumption – before retirement	Same as post-retirement	Same as post-retirement
Mortality assumption – after retirement (males)	S4PXA tables	S2PXA tables
Loading	116%	110%
Projection basis	Year of birth CMI_2023 1.0%	Year of birth CMI_2022 1.0%
Mortality assumption – after retirement (females)	S4PXA tables	S2PXA tables
Loading	116%	110%
Projection basis	Year of birth CMI_2023 1.0%	Year of birth CMI_2022 1.0%
Future expected lifetime of current pensioner at age 65:		
Male aged 65 at year end	84.8	84.9
Female aged 65 at year end	87.3	87.1
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end	85.7	85.8
Female aged 45 at year end	88.4	88.2

Notes to the Consolidated Financial Statements continued

21 Employee benefits continued

Changes in the present value of assets over the year

	2024 £'m	2023 £'m
Fair value of assets at the start of the year	**250.4**	254.9
Interest income	**11.2**	12.4
Return on assets (excluding amount included in net interest expense)	**(18.9)**	(1.4)
Benefits paid	**(13.6)**	(14.1)
Administration expenses	**(0.8)**	(1.4)
Fair value of assets at the end of the year	**228.3**	250.4
Actual return on assets over the year	**24.1**	11.0

Changes in the present value of liabilities over the year

	2024 £'m	2023 £'m
Liabilities at the start of the year	**239.4**	232.5
Past service cost	**—**	1.4
Interest cost	**10.7**	11.2
Remeasurement:		
Actuarial (gain)/loss arising from changes in financial assumptions	**(22.3)**	10.8
Actuarial gain arising from changes in demographic assumptions	**(3.1)**	(3.6)
Experience (gain)/loss	**(6.9)**	1.2
Benefits paid	**(13.6)**	(14.1)
Liabilities at the end of the year	**204.2**	239.4

The split of the Scheme's liabilities by category of membership is as follows:

	2024 £'m	2023 £'m
Deferred pensioners	**79.9**	105.6
Pensioners in payment	**124.3**	133.8
	204.2	239.4
Average duration of the Scheme's liabilities at the end of the year (in years)	**12**	14

The major categories of Scheme assets are as follows:

	2024 £'m	2023 £'m
Return-seeking assets		
UK equities	**0.8**	0.8
Overseas equities	**24.3**	24.1
Asset backed securities	**17.1**	—
Other equity type investments	**26.9**	26.7
Total return-seeking assets	**69.1**	51.6
Other		
Insured pensioners	**0.3**	0.4
Cash	**4.1**	5.7
Property	**28.9**	28.9
Liability-driven investments and bonds	**125.9**	163.8
Total matching assets	**159.2**	198.8
Total market value of assets	**228.3**	250.4

The return-seeking assets and LDI assets have quoted prices in active markets. The valuation of the insured pensions has been taken as the value of the corresponding liabilities assessed using the assumptions set out above.

The Scheme has no investments in the Company or in property occupied by the Company.

The Company expects to pay no contributions to the defined benefit section of the Scheme during the year ended 31 December 2025.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate were 0.5 per cent higher/(lower), the defined benefit section Scheme liabilities would decrease by approximately £11.0 million (increase by £11.0 million) if all the other assumptions remained unchanged.

If the inflation assumption were 0.5 per cent higher/(lower), the Scheme liabilities would increase by £4.2 million (decrease by £4.2 million). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted: that is salary, the deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase/(decrease) by one year, the Scheme liabilities would increase by £7.2 million/(decrease by £7.2 million) if all the other assumptions remained unchanged.

Virgin Media vs NTL Pension Trustees II Limited

In June 2023, the High Court judged that amendments made to the Virgin Media pension scheme were invalid because the necessary S37 certification associated to these historic amendments was not prepared or documented appropriately. The case was subsequently reviewed by the Court of Appeal in July 2024 which upheld the High Court's decision.

The High Court's decision has wide ranging implications, affecting other schemes that were contracted-out on a salary-related basis and made amendments between April 1997 and April 2016. Historic scheme amendments without the appropriate certification might now be considered invalid, leading to additional, unforeseen liabilities. The Marshalls plc Pension Scheme was not contracted out on a salary-related basis over the relevant period. As such, the ruling has no implications for the Scheme.

Notes to the Consolidated Financial Statements continued

21 Employee benefits continued

Sensitivity of the liability value to changes in the principal assumptions continued

Management Incentive Plan ("MIP")

Share-based payment awards have been made during the year in accordance with the rules of the MIP. Full details of the performance criteria and the basis of operation of the MIP are set out in the Remuneration Committee Report on pages 93 to 108.

Equity settled awards are settled by physical delivery of shares. The following equity settled awards have been granted:

	Number of instruments	£'m	Plan year
Equity settled awards granted to other employees	18,173	0.2	2019
Equity settled awards granted to Directors of Marshalls plc	55,698	0.4	2021
Equity settled awards granted to other employees	152,565	1.1	2021
Equity settled awards granted to Directors of Marshalls plc	120,708	0.3	2022
Equity settled awards granted to other employees	91,734	0.3	2022
Equity settled awards granted to Directors of Marshalls plc	143,685	0.4	2023
Equity settled awards granted to other employees	122,163	0.3	2023
Equity settled awards granted to Directors of Marshalls plc	374,809	1.1	2024
Equity settled awards granted to other employees	402,827	1.2	2024
	1,482,362	5.3	

Plan years 2019 to 2022 vested at the end of cycle 3 which was March 2024. Plan years 2023 to 2026 vest at the end of cycle 4 which is in March 2027.

Analysis of closing balance (deferred into shares):

	2024		2023	
	£'m	**Shares**	£'m	Shares
Equity settled awards granted to Directors of Marshalls plc	**2.2**	**694,900**	2.6	479,327
Equity settled awards granted to other employees	**3.1**	**787,462**	1.2	486,830
	5.3	**1,482,362**	3.8	966,157

	2024		2023	
	Value £'m	**Number of options**	Value £'m	Number of options
Outstanding at 1 January	**3.8**	**966,157**	5.3	1,139,229
Granted	**2.4**	**777,636**	1.1	412,387
Change in value of notional shares	**0.3**	**122,752**	(0.3)	(47,345)
Lapsed	**–**	**–**	–	–
Element released	**(1.2)**	**(384,183)**	(2.3)	(538,114)
Outstanding at 31 December	**5.3**	**1,482,362**	3.8	966,157

The total expenses recognised for the period arising from share-based payments were as follows:

	2024 £'m	2023 £'m
Awards granted and total expense recognised as employee costs	**4.0**	2.9

Further details in relation to the Directors are set out in the Remuneration Committee Report on pages 93 to 108. Included in the total expense of £4.0 million (2023: £2.9 million) is an amount of £2.4 million (2023: £0.6 million) settled as interim cash payments under the terms of the Scheme and which has been included within wages and salaries in Note 5.

Employee Bonus Share Plan

A Bonus Share Plan was approved by shareholders in May 2015 under which a number of senior management employees were granted performance related bonuses with an element of this bonus being in the form of shares. The bonus performance criteria are the same as those applicable to the MIP awards. The bonus shares take the form of nil-cost options to acquire shares at the end of a three-year vesting period from the date of grant, and vesting is conditional on continued employment at the end of the vesting period. Awards are made to participants following publication of the Group's year-end results. In addition, certain discretionary share awards have been granted to certain employees in the form of nil-cost options to acquire Ordinary Shares in Marshalls plc at the end of a three-year period. The total awards outstanding at 31 December 2024 were over 146,611 shares (31 December 2023: 210,832). The total expenses recognised for the year arising from share-based payments were £1.0 million (2023: £0.5 million).

Employee profit sharing scheme

At 31 December 2024 the scheme held 42,245 (2023: 42,245) Ordinary Shares in the Company.

22 Provisions

	Contingent consideration £'m	Other £'m	Total £'m
At 1 January 2023	8.8	0.9	9.7
Payments made	(3.0)	–	(3.0)
Increase in the provision in the period (Note 4)	1.6	–	1.6
Recognised on acquisition of subsidiary	0.6	–	0.6
Release/utilisation of provisions made in the period	–	(0.9)	(0.9)
At 31 December 2023	8.0	–	8.0
At 1 January 2024	**8.0**	**–**	**8.0**
Payments made	**(3.0)**	**–**	**(3.0)**
Increase in the provision in the period (Note 4)	**1.6**	**–**	**1.6**
At 31 December 2024	**6.6**	**–**	**6.6**

Notes to the Consolidated Financial Statements continued

22 Provisions continued

	2024 £'m	2023 £'m
Analysed as:		
Current liabilities	6.6	3.0
Non-current liabilities	–	5.0
	6.6	8.0

As part of the acquisition of Marley, there is an obligation to pay the vendors of Viridian Solar Limited deferred consideration which is contingent on the achievement of certain performance targets in the period post-acquisition. These performance periods are annually up to and including 31 December 2024 and will be settled in cash on their payment date on achieving the relevant targets. The range of additional consideration is estimated to be between £nil and £12.0 million. After making a payment of £3.0 million to the vendors during 2024, the Group has included £6.6 million (2023: £8.0 million) as a contingent consideration, which has been calculated based on the Group's expectation of what it will pay in relation to the post-acquisition performance of the entities.

A charge of £1.6 million (2023: £1.6 million) has been included in adjusting items (Note 4).

23 Deferred taxation

Recognised deferred taxation assets and liabilities

	Assets		Liabilities	
	2024 £'m	2023 £'m	2024 £'m	2023 £'m
Property, plant and equipment	–	–	(21.6)	(23.3)
Intangible assets	–	–	(53.3)	(56.1)
Inventories	–	–	(0.3)	(0.5)
Employee benefits	–	–	(6.0)	(2.7)
Equity settled share-based payments	0.8	0.5	–	–
Other items	1.3	0.6	(2.5)	(2.6)
Tax assets/(liabilities)	2.1	1.1	(83.7)	(85.2)

The deferred taxation liability at 31 December 2024 has been calculated at 25.0 per cent based on the rate at which the deferred tax is expected to unwind in the future using rates enacted at the balance sheet date.

The deferred taxation liability of £6.0 million (2023: £2.7 million) in relation to employee benefits is in respect of the net surplus for the defined benefit obligations of £24.1 million (2023: £11.0 million) (Note 21) calculated at 25.0 per cent (2023: 25.0 per cent).

Deferred taxation liabilities represent sums that might become payable as tax in future years as a result of transactions that have occurred in the current year. The explanation as to why such liabilities may arise is included in the notes to the tax reconciliation (Note 7).

The deferred tax liabilities disclosed in the year ended 31 December 2024 include the deferred tax relating to the Group's pension scheme assets. Deferred tax assets on capital losses and overseas trading losses have not been recognised due to uncertainty around the future use of the losses.

Movement in temporary differences

Year ended 31 December 2024

	1 January 2024 £'m	Recognised in income £'m	Prior year adjustment £'m	Recognised in other comprehensive income £'m	Recognised in Statement of Changes in Equity £'m	On acquisition of subsidiary undertaking £'m	31 December 2024 £'m
Property, plant and equipment	(23.3)	0.6	1.1	–	–	–	(21.6)
Intangible assets	(56.1)	2.8	–	–	–	–	(53.3)
Inventories	(0.5)	0.2	–	–	–	–	(0.3)
Employee benefits	(2.7)	0.1	–	(3.4)	–	–	(6.0)
Equity settled share-based payments	0.5	0.3	–	–	–	–	0.8
Other items	(2.0)	–	0.2	0.2	0.4	–	(1.2)
	(84.1)	4.0	1.3	(3.2)	0.4	–	(81.6)

Year ended 31 December 2023

	1 January 2023 £'m	Recognised in income £'m	Prior year adjustment £'m	Recognised in other comprehensive income £'m	Recognised in Statement of Changes in Equity £'m	On acquisition of subsidiary undertaking £'m	31 December 2023 £'m
Property, plant and equipment	(24.6)	(0.2)	1.5	–	–	–	(23.3)
Intangible assets	(56.8)	2.6	(0.8)	–	–	(1.1)	(56.1)
Inventories	(0.2)	–	(0.3)	–	–	–	(0.5)
Employee benefits	(5.6)	0.5	–	2.4	–	–	(2.7)
Equity settled share-based payments	0.4	0.4	(0.2)	–	(0.1)	–	0.5
Other items	(2.6)	(0.6)	0.4	0.8	–	–	(2.0)
	(89.4)	2.7	0.6	3.2	(0.1)	(1.1)	(84.1)

The deferred tax balances on short-term timing differences are expected to reverse within one to three years.

Based on the current investment programme of the Group and assuming that current rates of capital allowances on fixed asset expenditure continue into the future, there is little prospect of any significant part of the deferred taxation liability of the Company becoming payable over the next three years. It is not realistic to make any projection after a three-year period.

Notes to the Consolidated Financial Statements continued

24 Called-up share capital

The authorised, issued and fully paid up Ordinary Share capital was as follows:

	Authorised		Issued and paid up	
Ordinary Shares (25 pence nominal)	Number	Value £'m	Number	Value £'m
At 1 January and 31 December 2024	**300,000,000**	**75.0**	**252,968,728**	**63.2**

Share premium account and merger reserve

	Share premium account		Merger reserve	
	2024 £'m	2023 £'m	**2024 £'m**	2023 £'m
At 1 January and 31 December	**200.0**	200.0	**141.6**	141.6

Merger reserve

The merger reserve relates to the issue new ordinary shares as consideration for the acquisition of Marley Group Limited in 2022. An amount of £141.6 million was credited to the merger reserve in relation to the issue of these shares and reflects the fair value of the shares at the date of acquisition

Own shares reserve

Transactions of the Group-sponsored Employee Benefit Trust are included in the Group Financial Statements. The Trust's purchases of shares in the Company are debited directly to equity and disclosed separately in the balance sheet as "own shares". Further details are included on page 159.

Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the Company.

Consolidation reserve

On 8 July 2004 Marshalls plc was introduced as the new holding company of the Group by way of a court-approved Scheme of Arrangement under Section 425 of the Companies Act 1985. The restructuring was accounted for as a capital reorganisation and accounting principles were applied as if the Company had always been the holding company of the Group. The difference between the aggregate nominal value of the new shares issued by the Company and the called-up share capital, capital redemption reserve and share premium account of Marshalls Group plc (the previous holding company) was transferred to a consolidation reserve.

Hedging reserve

This represents the gains and losses arising on derivatives used for cash flow hedging, principally from the Group's interest rate swaps, energy price contracts and forward exchange contracts.

Dividends

After the balance sheet date, the following dividends were proposed by the Directors. The dividends have not been provided for and there were no income tax consequences.

	2024 £'m	2023 £'m
5.4 pence final dividend (2023: 5.7 pence) per Ordinary Share	**13.7**	14.4

25 Non-controlling interests

	2024 £'m	2023 £'m
At 1 January	**–**	0.8
Share of loss for the year	**–**	(0.2)
Foreign currency transaction differences	**–**	–
Sale of subsidiary	**–**	(0.6)
At 31 December	**–**	–

26 Disposal of subsidiary

On 13 April 2023, the Group sold its interest in Marshalls NV, its former Belgian subsidiary, for a nominal sum. The sale resulted in a profit on disposal of £0.6 million, which was accounted for as an adjusting item (Note 4). This business contributed revenue of £21.3 million and a loss before taxation of £1.1 million in 2022. In the period until the disposal on 13 April 2023, the business generated revenue of £5.0 million and a loss before taxation of £0.6 million.

27 Analysis of net debt

	1 January 2024 £'m	Cash flow £'m	Movement in leases £'m	Other changes* £'m	**31 December 2024 £'m**
Cash at bank and in hand	34.5	(15.7)	–	0.1	**18.9**
Debt due after 1 year	(207.4)	55.0	–	(0.4)	**(152.8)**
Lease liabilities	(44.7)	5.3	4.0	–	**(35.4)**
	(217.6)	44.6	4.0	(0.3)	**(169.3)**

* Other changes include foreign currency movements on cash and loan balances.

Movement in the net debt is shown net of bank arrangement fees. The amounts above exclude an impact of derivative instruments.

Reconciliation of net cash flow to movement in net debt

	2024 £'m	2023 £'m
Net decrease in cash equivalents	**(15.7)**	(20.3)
Cash outflow from decrease in bank borrowings	**55.0**	39.8
On disposal of subsidiary undertakings	**–**	(1.4)
Cash outflow from principal lease repayments	**5.3**	9.6
New leases entered into	**(20.4)**	(13.7)
Lease liability derecognised (Note 19)	**24.4**	–
Lease liability terminated on disposal of subsidiary undertaking	**–**	5.3
Effect of exchange rate fluctuations	**(0.3)**	(0.3)
Movement in net debt in the year	**48.3**	19.0
Net debt at 1 January	**(217.6)**	(236.6)
Net debt at 31 December	**(169.3)**	(217.6)

Notes to the Consolidated Financial Statements continued

28 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Cash Flow Statement as cash flows from financing activities.

			Non-cash changes		
	1 January 2024 £'m	Financing cash flows* £'m	Derecognition of liabilities (Note 19) £'m	Other changes** £'m	**31 December 2024 £'m**
Interest-bearing loans and borrowings (Note 18)	(207.4)	55.0	–	(0.4)	**(152.8)**
Lease liabilities (Note 19)	(44.7)	5.3	24.4	(20.4)	**(35.4)**
Total liabilities from financing activities	(252.1)	60.3	24.4	(20.8)	**(188.2)**

			Non-cash changes		
	1 January 2023 £'m	Financing cash flows* £'m	Acquisition of subsidiary (Note 27) £'m	Other changes** £'m	31 December 2023 £'m
Interest-bearing loans and borrowings (Note 18)	(247.0)	39.8	–	(0.2)	(207.4)
Lease liabilities (Note 19)	(45.9)	9.6	5.3	(13.7)	(44.7)
Total liabilities from financing activities	(292.9)	49.4	5.3	(13.9)	(252.1)

* The cash flows from bank loans, overdrafts and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the Consolidated Cash Flow Statement.

** New leases and foreign currency movements.

29 Contingent liabilities

National Westminster Bank plc has issued, on behalf of Marshalls plc, the following irrevocable letters of credit relating to the Group's cap on self-insurance for employer's liability and vehicle insurance:

Beneficiary	Amount	Period	Purpose
HDI Global SE — UK	£0.5 million	8 Dec 2020 to 30 Oct 2025	Employer's liability
AIOI Nissay Dowa Insurance UK Limited	£0.6 million	5 Dec 2020 to 30 Oct 2025	Vehicle insurance
M S Amlin Limited	£0.8 million	30 Oct 2016 to 9 Feb 2026	Employer's liability

Marshalls plc has provided a statutory Parent Company guarantee to those subsidiaries listed below in order that they are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act.

	Registered number
Marley Group Limited	13596495
Monty Bidco Limited	12144582
Monty Midco 1 Limited	12144469
Monty Midco 2 Limited	12144529
Monty Topco Limited	12144396
Marshalls Building Products Limited	00113882
Marshalls Properties Limited	04349470
Marshalls EBT Limited	05472428
CPM Group Limited	01005164
PD Edenhall Limited	03635485
Edenhall Holdings Limited	10367730
Edenhall Limited	03326387
Edenhall Concrete Limited	00698870
Edenhall Concrete Products Limited	03495356
Edenhall Building Products Limited	02638967
PD Edenhall Holdings Limited	08911209

30 Related parties

Identity of related parties

The Group has a related party relationship with its Directors.

Transactions with key management personnel

Other than the Directors, there are no senior managers in the Group who are relevant for establishing that Marshalls plc has the appropriate expertise and experience for the management of its business.

The Directors of the Company as at 31 December 2024 and their immediate relatives control 0.1096 per cent (2023: 0.2489 per cent) of the voting shares of the Company.

In addition to their salaries and pension allowances, the Group also provides non-cash benefits to Directors. Further details in relation to Directors are disclosed in the Remuneration Committee Report on pages 93 to 108.

Notes to the Consolidated Financial Statements continued

31 Alternative performance measures

The APMs set out by the Group are made up of earnings-based measures and ratio measures with a selection of these measures being stated after adjusting items.

APM	Definition and/or purpose
Adjusted operating profit, adjusted profit before tax, adjusted profit after tax, adjusted earnings per share, adjusted EBITA, adjusted EBITDA and adjusted operating cash flow	The Directors assess the performance of the Group using these measures including when considering dividend payments.
Adjusted return on capital employed	Adjusted return on capital employed is calculated as adjusted EBITA (on an annualised basis) divided by shareholders' funds plus net debt at the period end. It is designed to give further information about the returns being generated by the Group as a proportion of capital employed.
Adjusted operating cash flow conversion	Operating cash flow conversion is calculated by dividing adjusted operating cash flow by adjusted EBITDA (both on an annualised basis). Adjusted operating cash flow is calculated by adding back adjusting items paid, net financial expenses paid and taxation paid. It illustrates the rate of conversion of profitability into cash flow.

Pre-IFRS 16 measures

The Group's banking covenants are assessed on a pre-IFRS 16 basis. In order to provide transparency and clarity regarding the Group's compliance with banking covenants, the following performance measures and their calculations have been presented:

APM	Definition and purpose
Pre-IFRS 16 adjusted EBITDA	Pre-IFRS 16 adjusted EBITDA is adjusted EBITDA excluding right-of-use asset depreciation and profit or losses on the sale of property, plant and equipment.
Pre-IFRS 16 net debt	Pre-IFRS 16 net debt comprises cash at bank and in hand and bank loans but excludes lease liabilities. It shows the overall net indebtedness of the Group on a pre-IFRS 16 basis.
Pre-IFRS 16 net debt leverage	This is calculated by dividing pre-IFRS 16 net debt by adjusted pre-IFRS 16 EBITDA (on an annualised basis) to provide a measure of leverage.

Other definitions

APM	Definition and purpose
EBITDA	EBITDA is earnings before interest, taxation, depreciation and amortisation and provides users with further information about the profitability of the business before financing costs, taxation and non-cash charges.
EBITA	EBITA is earnings before interest, taxation and amortisation and provides users with further information about the profitability of the business before financing costs, taxation and amortisation.

Reconciliations of IFRS reported Income Statement measures to Income Statement APMs are set out in the following three tables. A reconciliation of operating profit to pre-IFRS 16 adjusted EBITDA is set out below:

	2024 £'m	2023 £'m
Operating profit	**53.9**	41.0
Adjusting items (Note 4)	**12.8**	29.7
Adjusted operating profit	**66.7**	70.7
Amortisation (excluding amortisation of intangible assets arising on acquisitions)	**1.7**	1.7
Adjusted EBITA	**68.4**	72.4
Depreciation	**29.4**	31.2
Adjusted EBITDA	**97.8**	103.6
Profit on sale of property, plant and equipment	**(0.2)**	(1.4)
Right-of-use asset principal payments	**(5.3)**	(9.6)
Pre-IFRS 16 adjusted EBITDA	**92.3**	92.6

Notes to the Consolidated Financial Statements continued

31 Alternative performance measures continued

Other definitions continued

Disclosures required under IFRS are referred to as on a reported basis. Disclosures referred to after adding back adjusting items basis are restated and are used to provide additional information and a more detailed understanding of the Group's results. Certain measures are reported on an annualised basis to show the preceding twelve-month period where seasonality can impact on the measure.

Pre-IFRS 16 net debt and pre-IFRS 16 net debt leverage

Net debt comprises cash at bank and in hand, bank loans and leasing liabilities. An analysis of net debt is provided in Note 27. Net debt on a pre-IFRS 16 basis has been disclosed to provide additional information and to align with reporting required for the Group's banking covenants. Pre-IFRS 16 net debt leverage is defined as pre-IFRS 16 net debt divided by adjusted pre-IFRS 16 EBITDA. Net debt as reported in Note 27 is reconciled to pre-IFRS 16 net debt and pre-IFRS 16 net debt leverage below:

	2024 £'m	2023 £'m
Net debt	**169.3**	217.6
IFRS 16 leases	**(35.4)**	(44.7)
Net debt on a pre-IFRS 16 basis	**133.9**	172.9
Adjusted pre-IFRS 16 EBITDA	**92.3**	92.6
Pre-IFRS 16 net debt leverage	**1.5**	1.9

Return on capital employed ("ROCE")

ROCE is defined as adjusted EBITA divided by shareholders' funds plus net debt.

	2024 £'m	2023 £'m
Adjusted EBITA	**68.4**	72.4
Shareholders' funds	**661.3**	641.3
Net debt	**169.3**	217.6
Capital employed	**830.6**	858.9
ROCE	**8.2%**	8.4%

Adjusted operating cash flow conversion

Adjusted operating cash flow conversion is the ratio of adjusted operating cash flow to adjusted EBITDA (on an annualised basis) and is calculated as set out below:

	2024 £'m	2023 £'m
Net cash flow from operating activities	**76.8**	77.7
Adjusting items paid	**6.4**	5.5
Net financial expenses paid	**11.7**	16.5
Taxation paid	**8.8**	10.4
Adjusted operating cash flow	**103.7**	110.1
Adjusted EBITDA	**97.8**	103.6
Operating cash flow conversion	**106%**	106%

Company Balance Sheet

at 31 December 2024

	Notes	2024 £'m	2023 £'m
Non-current assets			
Investments	35	355.7	355.0
Deferred taxation assets	36	0.4	0.2
Loans to Group undertakings	37	390.5	395.7
		746.6	750.9
Net current assets		—	—
Total assets		746.6	750.9
Current liabilities			
Corporation tax payable	38	(5.3)	(4.8)
Net current liabilities		(5.3)	(4.8)
Net assets		741.3	746.1
Capital and reserves			
Called-up share capital	39	63.2	63.2
Share premium account	39	200.0	200.0
Merger reserve	39	141.6	141.6
Own shares		(1.7)	(1.5)
Capital redemption reserve		75.4	75.4
Equity reserve		17.3	16.4
Retained earnings		245.5	251.0
Equity shareholders' funds		741.3	746.1

The Company reported a profit for the financial year ended 31 December 2024 of £15.8 million (2023: profit of £14.3 million).

The Financial Statements of Marshalls plc (registered number 05100353) were approved by the Board of Directors and authorised for issue on 17 March 2025. They were signed on its behalf by:

Matt Pullen
Chief Executive

Justin Lockwood
Chief Financial Officer

The Notes on pages 154 to 159 form part of these Company Financial Statements.

Company Statement of Changes in Equity

for the year ended 31 December 2024

	Share capital £'m	Share premium account £'m	Merger reserve £'m	Own shares £'m	Capital redemption reserve £'m	Equity reserve £'m	Retained earnings £'m	Total equity £'m
Current year								
At 1 January 2024	**63.2**	**200.0**	**141.6**	**(1.5)**	**75.4**	**16.4**	**251.0**	**746.1**
Total comprehensive income for the year								
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**15.8**	**15.8**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**15.8**	**15.8**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based payments	**–**	**–**	**–**	**–**	**–**	**0.9**	**0.9**	**1.8**
Deferred tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends to equity shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(21.0)**	**(21.0)**
Purchase of own shares	**–**	**–**	**–**	**(1.4)**	**–**	**–**	**–**	**(1.4)**
Own shares issued under share schemes	**–**	**–**	**–**	**1.2**	**–**	**–**	**(1.2)**	**–**
Total contributions by and distributions to owners	**–**	**–**	**–**	**(0.2)**	**–**	**0.9**	**(21.3)**	**(20.6)**
At 31 December 2024	**63.2**	**200.0**	**141.6**	**(1.7)**	**75.4**	**17.3**	**245.5**	**741.3**

There were no items of other comprehensive income in the year other than the profit for the financial year recorded above.

	Share capital £'m	Share premium account £'m	Merger reserve £'m	Own shares £'m	Capital redemption reserve £'m	Equity reserve £'m	Retained earnings £'m	Total equity £'m
Prior year								
At 1 January 2023	63.2	200.0	141.6	(1.3)	75.4	15.1	266.9	760.9
Total comprehensive income for the year								
Profit for the financial year	–	–	–	–	–	–	14.3	14.3
Total comprehensive income for the year	–	–	–	–	–	–	14.3	14.3
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based payments	–	–	–	–	–	1.3	1.5	2.8
Deferred tax on share-based payments	–	–	–	–	–	–	–	–
Dividends to equity shareholders	–	–	–	–	–	–	(31.6)	(31.6)
Purchase of own shares	–	–	–	(0.3)	–	–	–	(0.3)
Own shares issued under share schemes	–	–	–	0.1	–	–	(0.1)	–
Total contributions by and distributions to owners	–	–	–	(0.2)	–	1.3	(30.2)	(29.1)
At 31 December 2023	63.2	200.0	141.6	(1.5)	75.4	16.4	251.0	746.1

There were no items of other comprehensive income in the year other than the profit for the financial year recorded above.

Notes to the Company Financial Statements

32 Accounting policies

The following paragraphs summarise the main accounting policies of the Company, which have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements.

Authorisation of Financial Statements and Statement of Compliance with FRS 101

The Parent Company Financial Statements of Marshalls plc for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 17 March 2025. Marshalls plc is a public limited company that is incorporated and domiciled and has its registered office in England and Wales. The Company's Ordinary Shares are publicly traded on the London Stock Exchange and the Company is not under the control of any single shareholder.

These Financial Statements were prepared in accordance with the historical cost basis of accounting and Financial Reporting Standard 101 "*Reduced Disclosure Framework*" ("FRS 101").

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006.

Basis of preparation

The Company has adopted FRS 101 from the UK Generally Accepted Accounting Practice for all periods presented.

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2024.

The Company meets the definition of a qualifying entity under FRS 100 "*Application of Financial Reporting Requirements*".

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- The requirements of paragraphs 45(b) and 46–52 of IFRS 2 *"Share-based Payments"*
- The requirements of IFRS 7 *"Financial Instruments: Disclosures"*
- The requirements of paragraphs 91–99 of IFRS 13 *"Fair Value Measurement"*
- The requirement in paragraph 38 of IAS 1 *"Presentation of Financial Statements"* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- The requirements of paragraphs 10(d), 10(f), 16, 39(c), 40A, 40B, 40C, 40D, 111 and 134–136 of IAS 1 *"Presentation of Financial Statements"*
- The requirements of IAS 7 *"Statement of Cash Flows"*
- The requirements of paragraphs 30 and 31 of IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"*
- The requirements of paragraph 17 of IAS 24 *"Related Party Disclosures"*
- The requirements in IAS 24 *"Related Party Disclosures"* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 134(d)–134(f) and 135(c)–135(e) of IAS 36 *"Impairment of Assets"*

The Company also intends to take advantage of these exemptions in the Financial Statements to be issued in the following year. Objections may be served on the Company by shareholders holding in aggregate 5 per cent or more of the total allocated shares in the Company. Where required, additional disclosures are given in the Consolidated Financial Statements.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment. The Directors consider annually whether a provision against the value of investments on an individual basis is required.

Share capital

(i) Share capital

Share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or if it is redeemable but only at the Company's option. Dividends on share capital classified as equity are recognised as distributions within equity. Non-equity share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the profit and loss account as a financial expense.

(ii) Dividends

Dividends on non-equity shares are recognised as a liability and accounted for on an accruals basis. Equity dividends are recognised as a liability in the period in which they are declared (appropriately authorised and no longer at the discretion of the Company).

Pension schemes

(i) Defined benefit scheme

The Company participates in a Group-wide pension scheme providing benefits based on final pensionable pay. The defined benefit section of the Scheme was closed to future service accrual in July 2006.

The assets of the Scheme are held separately from those of the Company. The defined benefit cost and contributions payable are borne by Marshalls Group Limited and, therefore, the defined benefit surplus or deficit is recorded in Marshalls Group Limited. Full details are provided in Note 21 on pages 143 to 146.

(ii) Defined contribution scheme

Obligations for contributions to defined contribution schemes are recognised as an expense as incurred.

Share-based payment transactions

The Company enters into equity settled share-based payment transactions with its employees. In particular, annual awards are made to employees under the Company's MIP and the Employee Bonus Share Plan ("BSP").

Recognition/policy is in line with the Group policy which is set out on page 127 of the consolidated accounts.

Notes to the Company Financial Statements continued

32 Accounting policies continued

Own shares held by the Employee Benefit Trust

Transactions of the Company-sponsored Employee Benefit Trust are included in the Group Financial Statements. In particular, the Trust's purchases of shares in the Company are debited directly to equity and disclosed separately in the balance sheet as "own shares".

Trade and other payables

Trade and other payables are stated at nominal amount (discounted if material).

Income tax

Income tax on the profit or loss for the year, current tax, deferred taxation, deferred taxation assets and additional income taxes are recognised in line with the Group policy which is set out on page 128 of the consolidated accounts.

Accounting estimates and judgements

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions. Although these judgements and estimates are based on management's best knowledge, actual results ultimately may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are disclosed below.

The carrying value of investments is reviewed on an annual basis. This review requires the use of cash flow projections based on a financial forecast that is discounted at an appropriate market-based discount rate. The assumption on the market-based discount rate is determined based on the advice of a third-party adviser.

33 Operating costs

The audit fee for the Company was £0.1 million (2023: £0.1 million). This is in respect of the audit of the Financial Statements. Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed in the Notes to the Company Financial Statements since the consolidated accounts of the Group are required to disclose non-audit fees on a consolidated basis.

Details of Directors' remuneration, share options, LTIPs and Directors' pension entitlements are disclosed on pages 98 to 108 of the Remuneration Committee Report.

The average monthly number of employees of Marshalls plc (including Executive Directors) in the year ended 31 December 2024 was 125 (2023: 200). The personnel costs for the majority of these employees are borne by Marshalls Group Limited. The personnel costs charged to Marshalls plc in the year were £4.6 million (2023: £4.5 million) in relation to 21 employees (2023: 21), including the Directors.

34 Ordinary dividends: equity shares

	2024		2023	
	Pence per share	£'m	Pence per share	£'m
2024 interim: paid 2 December 2024	**2.6**	**6.6**	2.6	6.6
2023 final: paid 1 July 2024	**5.7**	**14.4**	9.9	25.0
	8.3	**21.0**	12.5	31.6

After the balance sheet date the following dividends were proposed by the Directors. The dividends have not been provided and there were no income tax consequences.

	2024 £'m	2023 £'m
2024 final: 5.4 pence (2023: 5.7 pence) per Ordinary Share	**13.7**	14.4

35 Investments

	£'m
At 1 January 2024	**355.0**
Additions	**0.7**
At 31 December 2024	**355.7**

Investments comprise shares in the subsidiary undertaking Marshalls Group Limited. The Directors have considered the carrying value of the Company's investments and are satisfied that no provision is required.

The increase in the year of £0.7 million represents adjustments to the number of shares expected to vest in respect of share-based payment awards granted to employees of Marshalls Group Limited.

Notes to the Company Financial Statements continued

35 Investments continued

Pursuant to Sections 409 and 410(2) of the Companies Act 2006, the subsidiary undertakings of Marshalls plc at 31 December 2024 are set out below:

Subsidiaries	Principal activities	Class of share	% ownership
Acraman (418) Limited	Non-trading	Ordinary/ preference	100
Alton Glasshouses Limited	Non-trading	Ordinary	100
Bollards Direct Limited	Non-trading	Ordinary	100
Capability Brown Garden Centres Limited	Non-trading	Ordinary	100
Capability Brown Landscaping Limited	Non-trading	Ordinary	100
Classical Flagstones Limited	Non-trading	Ordinary	100
CPM Group Limited** (01005164)	Non-trading	Ordinary	100
Dalestone Concrete Products Limited	Non-trading	Ordinary	100
Edenhall Limited** (03326387)	Non-trading	Ordinary	100
Edenhall Building Products Limited** (02638967)	Non-trading	Ordinary	100
Edenhall Concrete Limited** (00698870)	Non-trading	Ordinary	100
Edenhall Concrete Products Limited** (03495356)	Non-trading	Ordinary	100
Edenhall Holdings Limited** (10367730)	Non-trading	Ordinary/ preference	100
Edenhall Technologies Limited	Non-trading	Ordinary	100
Locharbriggs Sandstone Limited	Non-trading	Ordinary	100
Lloyds Quarries Limited	Non-trading	Ordinary	100
Marley Limited	Manufacturer of roofing products and solutions	Ordinary	100
Marley Group Limited** (13596495)	Non-trading	Ordinary	100
Marshalls Building Materials Limited	Non-trading	Ordinary	100
Marshalls Building Products Limited** (00113882)	Property management	Ordinary	100
Marshalls Concrete Products Limited	Non-trading	Ordinary	100
Marshalls Directors Limited	Non-trading	Ordinary	100
Marshalls Dormant No. 30 Limited	Non-trading	Ordinary	100
Marshalls Dormant No. 31 Limited	Non-trading	Ordinary	100
Marshalls Dormant No. 32 Limited	Non-trading	Ordinary	100
Marshalls EBT Limited*/** (05472428)	Non-trading	Ordinary	100
Marshalls Estates Limited	Non-trading	Ordinary	100
Marshalls Group Limited*	Intermediate holding company	Ordinary	100
Marshalls Landscape Products Limited	Non-trading	Ordinary	100
Marshalls Landscape Products (North America) Inc.	Landscape Products supplier	Ordinary	100
Marshalls Mono Limited	Landscape Products manufacturer and supplier and quarry owner supplying a wide variety of paving, street furniture and natural stone products	Ordinary	100
Marshalls Natural Stone Limited	Non-trading	Ordinary	100

Notes to the Company Financial Statements continued

35 Investments continued

Subsidiaries	Principal activities	Class of share	% ownership
Marshalls Profit Sharing Scheme Limited	Non-trading	Ordinary	100
Marshalls Properties Limited** (04349470)	Property management	Ordinary	100
Marshalls Register Limited	Non-trading	Ordinary	100
Marshalls Stone Products Limited	Non-trading	Ordinary	100
Marshalls Street Furniture Limited	Non-trading	Ordinary	100
Monty Bidco Limited** (12144582)	Non-trading	Ordinary	100
Monty Midco 1 Limited** (12144469)	Non-trading	Ordinary	100
Monty Midco 2 Limited** (12144529)	Non-trading	Ordinary	100
Monty Topco Limited** (12144396)	Non-trading	Ordinary	100
Ollerton Limited	Non-trading	Ordinary	100
Panablok (UK) Limited	Non-trading	Ordinary	100
Paver Systems (Carluke) Limited	Non-trading	Ordinary	100
Paver Systems Limited	Non-trading	Ordinary	100
PD Edenhall Limited** (03635485)	Non-trading	Ordinary	100
PD Edenhall Holdings Limited** (08911209)	Non-trading	Ordinary	100
Premier Mortars Limited	Non-trading	Ordinary	100
Quarryfill Limited	Non-trading	Ordinary	100
Rhino Protec Limited	Non-trading	Ordinary	100
Robinson Associates Stone Consultants Limited	Non-trading	Ordinary	100
Robinsons Greenhouses Limited	Non-trading	Ordinary	100
Rockrite Limited	Non-trading	Ordinary	100
S Marshall & Sons Limited	Non-trading	Ordinary	100
Scenic Blue Limited	Non-trading	Ordinary	100
Scenic Blue Landscape Franchise Limited	Non-trading	Ordinary	100
Scenic Blue (UK) Limited	Non-trading	Ordinary	100
Stancliffe Stone Company Limited	Non-trading	Ordinary	100
Stone Shippers Limited	Non-trading	Ordinary	100
Stonemarket (Concrete) Limited	Non-trading	Ordinary	100
Stonemarket Limited	Non-trading	Ordinary	100
The Great British Bollard Company Limited	Non-trading	Ordinary	100
The Stancliffe Group Limited	Non-trading	Ordinary	100
The Yorkshire Brick Co. Limited	Non-trading	Ordinary	100
Town & Country Paving Limited	Non-trading	Ordinary	100
Urban Engineering Limited	Non-trading	Ordinary	100
Viridian Solar Limited	Manufacturer of roof integrated solar products	Ordinary	100
Viridian Solar BV	Manufacturer of roof integrated solar products	Ordinary	100
Woodhouse Group Limited	Non-trading	Ordinary	100
Woodhouse UK Limited	Non-trading	Ordinary	100

* Held by Marshalls plc. All others held by subsidiary undertakings.

** These subsidiaries are exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act. Marshalls plc has provided a statutory Parent Company guarantee in relation to these subsidiaries. In each case the registered number is disclosed.

Notes to the Company Financial Statements continued

35 Investments continued

All the other companies excluding the ones below operate within the United Kingdom and are registered in England and Wales at the following address: Landscape House, Premier Way, Lowfields Business Park, Elland HX5 9HT. Viridian Solar BV is registered in the Netherlands and Marshalls Landscape Products (North America) Inc. is registered in the USA. Paver Systems Limited, Paver Systems (Carluke) Limited and Locharbriggs Sandstone Limited are registered in Scotland. The respective registered offices are:

Paver Systems Limited and Paver Systems (Carluke) Limited
Roadmeetings, Carluke, Lanarkshire ML8 4QG

Locharbriggs Sandstone Limited
Locharbriggs, Dumfries, Dumfriesshire DG1 1QS

Marshalls Landscape Products (North America) Inc.
1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, USA

Viridian Solar BV
Van Bylandtachterstraat 24, unit 6 5046 MB Tilburg, The Netherlands

36 Deferred taxation

Recognised deferred taxation assets and liabilities

	Assets		Liabilities	
	2024 £'m	2023 £'m	**2024 £'m**	2023 £'m
Equity settled share-based payments	**0.4**	0.2	**–**	–

Movement in temporary differences

	1 January 2024 £'m	Recognised in income £'m	Recognised in Statement of Changes in Equity £'m	**31 December 2024 £'m**
Equity settled share-based payments	0.2	0.2	–	**0.4**

	1 January 2023 £'m	Recognised in income £'m	Recognised in Statement of Changes in Equity £'m	31 December 2023 £'m
Equity settled share-based payments	0.2	–	–	0.2

37 Loans to Group undertakings

	2024 £'m	2023 £'m
Amounts owed from subsidiary undertakings	**390.5**	395.7

An on-demand facility is in place between Marshalls plc and Marshalls Group Limited. The loan is unsecured and, together with accrued interest and any other amounts accrued, is repayable in full on demand. Interest is accrued on a daily basis on the outstanding balance at a rate equivalent to SONIA plus 1.8 per cent. The loan, however, is expected to be recovered after more than one year and has been reported as a non-current asset. There are no expected credit losses associated with these amounts.

38 Corporation tax payable

	2024 £'m	2023 £'m
Corporation tax	**5.3**	4.8

No creditors were due after more than one year.

39 Capital and reserves

Called-up share capital

The authorised, issued and fully paid up Ordinary Share capital was as follows:

	Authorised		**Issued and paid up**	
Ordinary Shares (25 pence nominal)	**Number**	**Value £'m**	**Number**	**Value £'m**
At 1 January and 31 December 2024	**300,000,000**	**75.0**	**252,968,728**	**63.2**

Share premium account and merger reserve

	Share premium account		Merger reserve	
	2024 £'m	2023 £'m	**2024 £'m**	2023 £'m
At 1 January and 31 December	**200.0**	200.0	**141.6**	141.6

Notes to the Company Financial Statements continued

39 Capital and reserves continued

Merger reserve
The merger reserve relates to the issue new ordinary shares as consideration for the acquisition of Marley Group Limited in 2022. An amount of £141.6 million was credited to the merger reserve in relation to the issue of these shares and reflects the fair value of the shares at the date of acquisition.

Own shares reserve
Transactions of the Group-sponsored Employee Benefit Trust are included in the Group Financial Statements. The Trust's purchases of shares in the Company are debited directly to equity and disclosed separately in the balance sheet as "own shares". Further details are included on page 148.

Capital redemption reserve
The capital redemption reserve records the nominal value of shares repurchased by the Company.

Distributable reserves
The Company's distributable reserves amount to £245.5 million (2023: £251.0 million) at the end of the period.

Equity reserve
The equity reserve represents the number of shares expected to vest in respect of share-based payment awards granted to employees of the Company.

Retained earnings
The retained earnings were £245.5 million at the end of the period.

40 Capital and leasing commitments
The Company had no capital or leasing commitments at 31 December 2024 or 31 December 2023.

41 Bank facilities
The Group's banking arrangements are in respect of Marshalls plc, Marshalls Group Limited, Marshalls Mono Limited, Marley Limited and Viridian Solar Limited with each company being a nominated borrower. The operational banking activities of the Group are undertaken by Marshalls Group Limited and the Group's bank debt is largely included in Marshalls Group Limited's balance sheet.

42 Contingent liabilities
National Westminster Bank plc has issued, on behalf of Marshalls plc, the following irrevocable letters of credit relating to the Group's cap on self-insurance for employer's liability and vehicle insurance:

Beneficiary	Amount	Period	Purpose
HDI Global SE — UK	£0.5 million	8 Dec 2021 to 30 Oct 2025	Employer's liability
AIOI Nissay Dowa Insurance UK Limited	£0.6 million	8 Dec 2021 to 30 Oct 2025	Vehicle insurance
M S Amlin Limited	£0.8 million	30 Oct 2017 to 9 Feb 2026	Employer's liability

43 Pension scheme
Marshalls Group Limited is the sponsoring employer of the Marshalls plc pension scheme (the "Scheme") which is primarily a closed defined benefit scheme with a small defined contribution element (mainly AVCs). The assets of the Scheme are held in separately managed funds which are independent of the Group's finances.

Full details of the Scheme are provided in Note 21. The Company is unable to identify its share of the Scheme assets and liabilities on a consistent and reasonable basis.

The latest funding valuation of the defined benefit section of the Scheme was carried out as at 5 April 2024 and was updated for the purposes of the 31 December 2024 Financial Statements by a qualified independent actuary.

44 Related parties
Related party relationships exist with other members of the Group. All operating costs are borne by Marshalls Group Limited and are recharged to Marshalls plc in respect of specifically attributable costs. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Financial History – Consolidated Group

	Year ended 31 December 2020 £'m	Year ended 31 December 2021 £'m	Year ended 31 December 2022 £'m	Year ended 31 December 2023 £'m	**Year ended 31 December 2024 £'m**
Consolidated Income Statement					
Revenue	469.5	589.3	719.4	671.2	**619.2**
Net operating costs (after adding back adjusting items)	(441.1)	(511.9)	(618.3)	(600.5)	**(552.5)**
Adjusted operating profit	28.4	77.4	101.1	70.7	**66.7**
Adjusting items	(19.0)	(1.2)	(53.2)	(29.7)	**(12.8)**
Operating profit	9.4	76.2	47.9	41.0	**53.9**
Financial income and expenses (net)	(4.7)	(6.9)	(10.7)	(18.8)	**(14.5)**
Adjusted profit before tax	23.7	73.3	90.4	53.3	**52.2**
Profit before tax	4.7	69.3	37.2	22.2	**39.4**
Income tax expense	(2.1)	(14.4)	(10.7)	(3.8)	**(8.4)**
Profit for the financial year	2.6	54.9	26.5	18.4	**31.0**
Profit for the year attributable to:					
Equity shareholders of the Parent	2.4	54.8	26.8	18.6	**31.0**
Non-controlling interests	0.2	0.1	(0.3)	(0.2)	**–**
	2.6	54.9	26.5	18.4	**31.0**
EBITA*	12.1	79.4	57.1	53.1	**66.0**
Adjusted EBITA**	29.9	79.3	102.9	72.4	**68.4**
EBITDA*	45.3	107.1	90.2	84.3	**95.4**
Adjusted EBITDA**	57.6	107.1	136.0	103.6	**97.8**
Basic earnings per share (pence)	1.2	27.5	11.4	7.4	**12.3**
Adjusted basic earnings per share**	9.2	29.2	31.3	16.7	**16.0**
Dividends per share (pence)	4.3	14.3	15.6	8.3	**8.0**
Year-end share price (pence)	748.5	699.5	273.2	279.4	**294.5**
Tax rate (%)	45.0	20.8	28.7	17.1	**21.3**

* EBITA is defined as earnings before interest, tax and amortisation of intangibles. EBITDA is defined as earnings before interest, tax, amortisation of intangibles and depreciation.

** After adding back adjusting items.

Financial History – Consolidated Group continued

	2020 £'m	2021 £'m	2022 £'m	2023 £'m	**2024 £'m**
Consolidated Balance Sheet					
Non-current assets	324.4	332.7	886.9	855.1	**835.6**
Current assets	290.0	263.2	322.0	259.0	**240.5**
Total assets	614.4	595.9	1,208.9	1,114.1	**1,076.1**
Current liabilities	(157.2)	(150.6)	(167.3)	(138.5)	**(148.6)**
Non-current liabilities	(169.4)	(101.0)	(380.5)	(334.3)	**(266.2)**
Total liabilities	(326.6)	(251.6)	(547.8)	(472.8)	**(414.8)**
Net assets	287.8	344.3	661.1	641.3	**661.3**
Net borrowings	(75.6)	(41.1)	(236.6)	(217.6)	**(169.3)**
Net borrowings (pre-IFRS 16)	(26.9)	—	(190.7)	(172.9)	**(133.9)**
Gearing ratio	26.3%	11.9%	35.8%	33.9%	**25.6%**

Glossary

ABI
Barbour ABI – a provider of construction intelligence data

APM
Adjusted performance measure

BEIS
Business, Energy & Industry Strategy

BES 6001
BRE accreditation for responsible sourcing

BRE
Independent organisation offering expertise in the built environment sector

Capex
Capital expenditure

CCO
Corporate Criminal Offence – legislation which can hold companies accountable for tax fraud

CDP
Carbon Disclosure Project

Circular economy
Production model recycling and reusing as much as possible

CO_2, CO_2e and greenhouse gas emissions
Carbon dioxide emissions. Carbon dioxide ("CO_2") is the primary greenhouse gas emitted through human activities.

While CO_2 emissions come from a variety of natural sources, human related emissions are responsible for the increase that has occurred in the atmosphere since the Industrial Revolution.

"Carbon dioxide equivalent" or "CO_2e" is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO_2e signifies the amount of CO_2 which would have the equivalent global warming impact.

Carbon sequestration
Carbon sequestration is the long-term removal, capture or sequestration of CO_2 from the atmosphere to slow or reverse atmospheric CO_2 pollution and to mitigate or reverse climate change. Carbon dioxide is captured from the atmosphere through biological, chemical and physical processes. Concrete building products naturally absorb CO_2. Calculations show that concrete absorbs roughly 30 per cent of the amount of CO_2 that cement production emits over its life.

CPA
Construction Products Association

D365
Microsoft cloud ERP software system

DERI
Diversity, equity, respect and inclusion

EDI
Electronic Data Interchange

eNPS
Employee Net Promoter Score – how likely employees are to recommend an organisation as a good place to work

EPDs
Environmental Product Declarations

ERP system
Enterprise Resource Planning software system

ESOS
Energy Savings Opportunity Scheme

ETI
Ethical Trading Initiative

EVG
Employee Voice Group

FSC certified
Forest Stewardship Council certified from responsibly managed forests

FTSE4Good
An index of companies scoring highly in corporate social responsibility measures

GDPR
General Data Protection Regulation

GfK
Company providing data and analytics on consumer goods

GHG
Greenhouse gases

ILO
International Labour Organization

ISO
International Organization for Standardization

LDI asset portfolio
Liability-driven investment asset portfolio – investment needed to fund future liabilities

Marshalls NOW
An internal news, employee benefits and wellbeing platform

MHFAs
Mental Health First Aiders

MIP
Management Incentive Plan

Mitigation vs adaptation
The difference between climate change mitigation strategies and climate change adaptation is that mitigation is aimed at tackling the causes and minimising the possible impacts of climate change. Adaptation looks at how to reduce the negative effects it has and how to take advantage of any opportunities that arise.

Net-zero
A net-zero company will set and pursue a 1.5°C aligned science-based target for its full value chain emissions. Any remaining hard-to-decarbonise emissions must be compensated using certified greenhouse gas removal.

NGO
Non-Governmental Organisation

NHBC
National House Building Council

OGSM
Objectives, goals, strategies and measures

PAS 2050
PAS 2050 is the first consensus-based and internationally applicable standard on product carbon footprinting that has been used as the basis for the development of other standards internationally. From creation to disposal, throughout the lifecycle. The term is used in a number of business contexts, but most typically in a company's responsibility for dealing with hazardous waste and product performance.

Glossary continued

Product carbon footprints
A lifecycle product carbon footprint measures the total greenhouse gas emissions generated by a product from extraction of raw materials to end of life. It is measured in carbon dioxide equivalent (“CO_2e”). Product carbon footprints should be associated with a scope or boundary, the most common being:

Cradle to gate: This measures the total greenhouse gas emissions from the extraction of raw materials through to product manufacture up to the factory gate.

Cradle to grave: This measures the total greenhouse gas emissions from the extraction of raw materials through to the product’s manufacture, distribution, use and eventual disposal.

QR technologies
Quick response technology, a type of barcode

RIDDOR
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

Risk Register
A document used to table risks and responses to those risks

RM&I
Repair, Maintenance & Improvement

SASB
Sustainability Accounting Standards Board

Science-based targets
Science-based targets are a set of goals developed by a business to provide it with a clear route to reduce greenhouse gas emissions. An emissions reduction target is defined as “science based” if it is developed in line with the scale of reductions that are required to keep global warming below 1.5°C from pre-industrial levels.

Science Based Targets initiative (“SBTi”)
The Science Based Targets initiative (“SBTi”) defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. It provides technical assistance and expert resources to companies which set science-based targets in line with the latest climate science. The SBTi is a partnership between CDP, the United Nations Global Compact, the World Resources Institute (“WRI”) and the World Wide Fund for Nature (“WWF”). The SBTi is considered the gold standard in carbon reduction commitment setting.

Scope 1, 2 and 3 emissions
Scope 1 – all direct emissions
Emissions derived from the activities of an organisation or from sources under its control. This includes fuel combustion on site, from owned vehicles and fugitive emissions. Examples include fleet vehicles, gas emissions from boilers and air-conditioning refrigerant leaks.

Scope 2 – indirect emissions
Emissions derived from electricity purchased and used by the organisation. Emissions will be created during the production of the energy and eventually used by the organisation. This includes electricity from energy suppliers to power computers, heating and cooling.

Scope 3 – all other indirect emissions
Emissions derived from activities of the organisation but occurring from sources that it does not own or control. This is usually the largest share of the carbon footprint, especially for office-based companies, covering emissions associated with business travel, procurement, waste and water. Examples include plane travel, shipping of goods and waste disposal.

SDGs
Sustainable Development Goals

SECR
Streamlined Energy and Carbon Reporting

SKU
Stock-keeping unit

SIP
Share Investment Plan

SLAM
Stop, Look, Assess, Manage

SuDS
Sustainable Drainage Systems

TCFD
Task Force on Climate-related Financial Disclosures

The Group
All of Marshalls’ UK and overseas operations

ULEZ
Ultra Low Emission Zone

UNGC
United Nations Global Compact

Verisk Maplecroft
A company providing risk analytics

WDI
Workforce Disclosure Initiative

WEPs
Women’s Empowerment Principle

Shareholder Information

Shareholder analysis at 31 December 2024

Size of shareholding	Number of shareholders	%	Number of Ordinary Shares	%
1 to 500	1,900	53.43	248,717	0.10
501 to 1,000	377	10.60	279,376	0.11
1,001 to 2,500	428	12.03	736,750	0.29
2,501 to 5,000	241	6.78	859,487	0.34
5,001 to 10,000	167	4.70	1,157,299	0.46
10,001 to 25,000	128	3.60	2,043,878	0.81
25,001 to 100,000	115	3.23	5,898,677	2.33
100,001 to 250,000	66	1.86	10,655,912	4.21
250,001 to 500,000	38	1.07	13,829,225	5.47
500,001 and above	96	2.70	217,259,407	85.88
	3,556	100.00	252,968,728	100.00

Financial calendar

Preliminary announcement of results for the year ended 31 December 2024	Announcement	17 March 2025
Final dividend for the year ended 31 December 2024	Payable	1 July 2025
Half yearly results for the year ending 31 December 2025	Announcement	Early August 2025
Half yearly dividend for the year ending 31 December 2025	Payable	1 December 2025
Results for the year ending 31 December 2025	Announcement	Early March 2026

Advisers

Stockbrokers
Numis Securities Limited (trading as Deutsche Numis)
Peel Hunt

Auditor
Deloitte LLP

Legal advisers
Slaughter and May
Walker Morris LLP

Financial adviser
Rothschild & Co

Bankers
National Westminster Bank plc
HSBC Bank plc
Lloyds Bank plc
Santander UK plc
Caixabank SA
Bank of Ireland
Clydesdale Bank plc
Citibank NA
Barclays Bank plc
Credit Industriel et Commercial
National Bank of Kuwait

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Shareholders' enquiries should be addressed to the Registrars at the above address (tel: 0870 707 1134).

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Website: www.marshalls.co.uk

Registered in England and Wales: No. 5100353

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Marshalls

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