

Chief Executive Officer's Statement



Simon Bourne
Chief Executive Officer

Summary

- Returned the Group to revenue growth by delivering momentum in Roofing and Building Products
- Delivered performance in line with revised expectations, while taking targeted actions to stabilise Landscaping and protect future returns
- Reinforced the Landscaping Products improvement plan, delivering £3 million of in-year savings and securing a further £8 million savings for 2026
- Scaled regulation and infrastructure aligned growth engines, including Viridian Solar revenue growth of c.32% and Water Management strengthening its position through key framework agreements ahead of AMP8
- Improved safety performance, with LTIFR down to 1.54 (2024: 2.34)
- Maintained strong cash conversion and ended the year with pre-IFRS 16 net debt of £137.9 million, supported by strict working capital management

With a clear focus on pace and execution, we are reinforcing the delivery of our 'Transform & Grow' strategy to unlock the full potential of our diversified portfolio. Guided by our purpose of 'Building Tomorrow's World', we have taken decisive action to drive resilience today while building a stronger, more profitable business for the future.

Overview

It is a privilege to lead Marshalls as Chief Executive Officer at this pivotal time. Having joined the Group in 2015, I have worked alongside colleagues across our businesses through a period of significant change – including the evolution from a Landscaping leader into a more diversified building products manufacturer and sustainable solutions provider for the built environment. Having played an integral role in developing our 'Transform & Grow' strategy, I am fully committed to the direction we have set. My focus now is on delivery: moving faster on the priorities that matter and executing with greater discipline, ensuring that we translate our strategic intent into operational reality.

2025 was a demanding year for Marshalls. Our core markets remained subdued for longer than we originally expected, particularly in new build housing and housing repair, maintenance and improvement (RMI), and this continued to weigh on demand for our products. Despite this backdrop, the Group returned to revenue growth, a testament to the strength of our diversified portfolio. This performance was driven by our Roofing and Building Products divisions, where the scaling of our growth engines – specifically Viridian Solar and Water Management – is now delivering material contributions that help offset cyclical weakness elsewhere in the portfolio.

We have not stood still. Facing market headwinds, we took necessary, and sometimes difficult, decisions to reset our cost base, simplify our portfolio and optimise our manufacturing network. We are not managing the business on the assumption of a rapid cyclical recovery. Our priority is to execute 'Transform & Grow' with discipline to improve performance in the current market, leaving the Group well positioned to outperform as demand improves. We will be selective with the activity we undertake, ensuring it moves the dial positively from a P&L perspective, giving us the launch pad to grow in the areas we believe will have the greatest future impact for our business.

Trading performance

Our financial performance in 2025 reflects the discipline we have applied across the Group. It is encouraging to see revenue return to growth, increasing by 2% to £632.1 million (2024: £619.2 million), driven by the momentum in our Roofing and Building Products segments. While profitability was impacted by a lower-margin mix in Landscaping and targeted price investments to secure volume in key channels, our adjusted operating profit of £56.4 million (2024: £66.7 million) was delivered in line with the revised expectations we set in July 2025.

Cash and capital discipline remained central. We maintained tight control of working capital and capital expenditure, delivering another year of strong cash conversion, with operating cash flow at 88% of EBITDA, and we ended the year with net debt of £137.9 million (2024: £133.9 million). This operational rigour underpinned the successful refinancing of our bank facility in November, securing a new £270 million facility on equivalent terms that provides medium-term stability and the flexibility to invest selectively throughout the cycle.

► **Further details on the performance of the Group's reporting segments are provided on pages 20 to 22**

Executing 'Transform & Grow' Strengthening our brand powerhouses

Landscaping has been the most challenged part of the Group, and the external backdrop has remained difficult. Subdued demand and cyclical overcapacity impacted pricing, while customer "value engineering" has shifted volumes towards lower-margin commodity products. Against that context, our focus has been to reset the business to perform profitably at current demand levels – reducing complexity, aligning capacity to the market and pivoting from volume towards specification-led value.

Our improvement plan is now delivering tangible results. We accelerated manufacturing and overhead optimisation, delivering £3 million of cost savings in 2025 and remaining on track to achieve £11 million of annualised savings by 2026. We also simplified the portfolio to reduce complexity and working capital intensity, including reducing SKU count by 30% and focusing sales effort on higher-margin, value-added ranges.

Commercial discipline has been strengthened through refreshed leadership, clearer product portfolio architecture ("good-better-best"), and tighter governance of pricing, discounting and margin. Alongside improvements in service performance and availability, we have seen these actions being recognised by customers, with Marshalls winning several Supplier of the Year awards, all while protecting profitability. There is more to do, but the business exits 2025 with a stabilised cost base and improving operational traction.

Chief Executive Officer's Statement continued

Executing 'Transform & Grow' continued

Strengthening our brand powerhouses continued

While our immediate priority has been the operational turnaround, the underlying strength of the Marshalls Landscaping brand remains undisputed. Our distinctive, national specification-led sales model continues to differentiate us from competitors, allowing us to influence projects at the design stage and pull demand through the supply chain. Crucially, this commercial advantage is now supported by a leaner, more efficient cost base. We are not just waiting for the market to come back; we have rebuilt Marshalls' Landscaping business to be profitable in the current market, making a recovery the catalyst for outperformance.

Marley navigated a more challenging trading and operational backdrop in 2025. Market conditions softened in the second half, reflecting reduced confidence across both new build and RMI, while structural shifts in new build weighed on volume. The increasing adoption of solar under Part L is reducing demand for traditional roof tiles, and additional industry capacity has increased competitive intensity in certain categories.

Against this backdrop, we remained focused on margin protection, service performance and disciplined trading. Within tiles, our clay tile business gained market share as pricing normalised following the stabilisation of gas costs, narrowing the price premium to concrete tiles. While overall tile volumes remain influenced by end market softness and rising solar penetration, we expect clay to continue to perform comparatively well in 2026.

We are strengthening Marley's competitive position through targeted capital investment to modernise manufacturing lines, improve productivity and reinforce service resilience, alongside continued focus on customer partnerships and specification-led selling. In 2026, our priority is to maintain and selectively grow market share, improve manufacturing efficiency and protect returns through the cycle.

CEO priorities

Strategic continuity, sharper execution

Following my appointment as CEO, my immediate priority is sharper execution of our 'Transform & Grow' strategy – intensifying the pace with which we take decisions, focusing our attention on activities that drive value and improving performance throughout our businesses.

Pace.

Delivery-led organisation

Flattening the structure

Agile decision making

Seamless customer integration

Focus.

Selective in what we do

Prioritised investment

Linking workforce plans to value

Refreshing product portfolio & NPd

Performance.

Commercial excellence

Enhancing financial transparency

Aligning incentives to outcomes

Expanding sales & product training

Scaling our growth engines

Our growth engines underline the value of a more diversified portfolio by further reducing our reliance on discretionary consumer spend and increasing exposure to regulation-led and infrastructure-driven demand. By capitalising on powerful structural tailwinds – from energy efficiency to climate adaptation – we are pivoting the business towards growing markets that offer the potential for significant long-term value creation.

Viridian Solar has delivered a standout performance, achieving revenue growth of c.32% for the year. This trajectory is underpinned by the structural shift in building regulations (Part L), which has accelerated the adoption of our roof-integrated solar product. With the Future Homes Standard expected to mandate further energy efficiency standards, we are continuing

to invest in Viridian Solar to maintain our market leadership in this rapidly expanding market.

In Water Management, we have successfully pivoted our focus towards the wider infrastructure sector. With regulated investment, flood resilience and Sustainable Drainage System (SuDS) requirements becoming increasingly important, we have invested in engineering capability and strengthened our route to market. By securing framework agreements with Tier 1 contractors, we have established a strong foothold ahead of the AMP8 investment cycle. This positioning will allow us to unlock significant opportunities in water infrastructure and wastewater management, areas where we expect to see a structural growth in demand. The Board expects to consider a comprehensive business case in the first half of 2026 to enable scalable, flexible capacity expansion.

In Bricks & Masonry, trading reflected the continued challenges in the new build housing market during the year, with volumes impacted by lower demand and increased supply-side competition. Despite this reduction in activity, we successfully maintained trading margins through disciplined pricing and cost control. Our conviction in the long-term strategy remains unchanged; as housing output recovers, our concrete bricks offer a lower-carbon, cost-effective alternative to traditional clay, positioning the business to recover volume and drive future value. However, in 2026, investment will continue to be tightly controlled, balancing readiness for recovery with prudent capital allocation until activity levels in new housing improve.

Chief Executive Officer's Statement continued

Sustainability and innovation

Sustainability is increasingly a source of commercial advantage for Marshalls. Our strategy targets two critical customer needs: decarbonising the built environment and adapting to a changing climate. This year, Viridian Solar played a key role in helping customers meet strict energy efficiency requirements and, going forward, we believe our lower-carbon concrete bricks will support specifiers in meeting increasingly robust stakeholder demands with respect to embodied carbon. In parallel, our Water Management division is working to secure specifications on major projects which will provide essential infrastructure needed to deliver flood resilience and effective water handling.

Our progress is anchored by rigorous data. We have continued to invest in materials innovation, including our CarbonStep technologies as part of our cement replacement programme. Crucially, we are translating this into customer value by expanding our Environmental Product Declarations (EPDs), providing the verifiable data increasingly required for project tenders. With our net-zero targets validated by the SBTi, our roadmap is clear, and we are executing it with commercial focus.

Customers and commercial excellence

Reconnecting with our customers has been a key priority this year. Over the past twelve months, we have refreshed our Landscaping Products commercial leadership team, clarified responsibilities across sales, marketing and specification, and reset expectations around how we show up for our customers day to day.

We have also reshaped how we go to market. A more disciplined account segmentation model, clearer frameworks for pricing and discounting, and better use of data and CRM tools are helping our teams focus on meeting our customers' needs, with the right offers, at the right times. While there is more to do, these changes are already translating into stronger commercial consistency and improving service performance across key product lines.

Listening and partnership are central to this shift. We have stepped up joint planning with our largest distributors and merchant partners, increased the cadence of customer forums and feedback surveys, and built these insights directly into our product, service and investment decisions. In 2026, we will continue to deepen these relationships, embed our commercial playbooks across every business and monitor customer experience consistently, so that choosing Marshalls is synonymous with ease, reliability and value.

Our colleagues and culture

This has undoubtedly been a demanding year for our people. The restructuring required to right-size our cost base in the Landscaping business has involved difficult decisions and the departure of valued colleagues. On behalf of the Board, I would like to express my gratitude to all of our teams for the resilience and professionalism they have demonstrated throughout this period of significant change.

Throughout the transformation, safety has remained our absolute priority and I am pleased to report that our lost time injury frequency rate (LTIFR) has improved to 1.54 (2024: 2.34), reflecting the rigorous application of our safety standards across our manufacturing network even during times of operational change.

Beyond safety, we are investing heavily in skills and leadership to build the capabilities required for our next phase of growth. This commitment extends to the next generation, with 145 apprentices currently developing their careers across the Group.

Engagement has been vital in navigating the challenges of the past year. Through regular and transparent dialogue with our Employee Voice Group and our Group-wide engagement survey, we have sought to keep colleagues connected to our purpose and supported through the Group's transformation.

Looking forward

As we move into 2026, we continue to plan on the basis that markets remain mixed, and we are not relying on a sharp cyclical recovery. However, we enter the year with stronger foundations: a cost base aligned to demand, a clearer portfolio, improved data and a sharper focus on our customers and execution. We must now build on those foundations with a focus on strategic execution from the boardroom to the shop floor.

Our priorities for the coming year are clear. We will: (1) complete the Landscaping turnaround and convert the planned cost savings into profit, (2) continue to raise service levels and strengthen commercial discipline across the Group, and (3) scale our growth engines to capture the structural demand linked to regulation, energy and infrastructure investment cycles.

If we execute well, we expect an improved financial performance in 2026, even if volumes remain subdued, and we will be well placed to outperform the market when demand improves.

Simon Bourne
Chief Executive Officer
16 March 2026

