Marshalls

Annual Report & Accounts 2025

Building Tomorrow's World

Our vision is to be the customer's first choice for building materials and infrastructure solutions. We are...

Building Tomorrow's World

▶ **Read more on page 11**

Stay up to date
marshalls.co.uk

Follow us on LinkedIn
Marshalls

Highlights

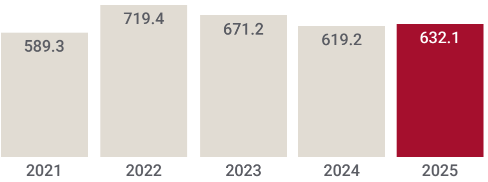
Decisive actions undertaken to deliver a stronger, more profitable business

▶ Our investment case page 4

Revenue (£'m)

£632.1m

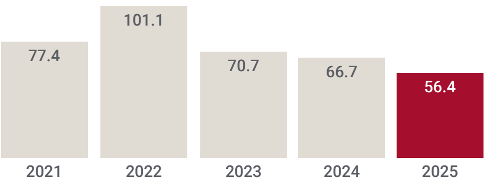
(up 2%)



Adjusted operating profit[1] (£'m)

£56.4m

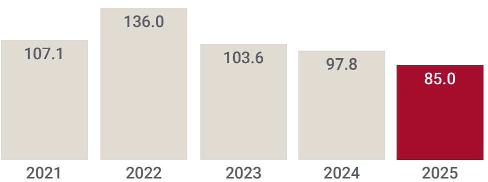
(down 15%)



Adjusted EBITDA[1] (£'m)

£85.0m

(down 13%)



Adjusted profit before tax (£'m)[1]

£43.7m

(2024: £52.2m)

Reported operating profit (£'m)

£32.0m

(2024: £53.9m)

Reported profit before tax (£'m)

£17.7m

(2024: £39.4m)

Adjusted return on capital employed (%)[1]

7.0%

(2024: 8.2%)

Adjusted basic EPS (p)[1]

13.4p

(2024: 16.0p)

Reported EPS (p)

5.7p

(2024: 12.3p)

Full-year dividend recommended (p)

6.7p

(2024: 8.0p)

Note:

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 29.

Strategic highlights

- Group returned to revenue growth with a clear plan to intensify the execution of the 'Transform & Grow' strategy
- Landscaping Products improvement plan delivered higher volumes and market share gains despite subdued end markets, offset by targeted price investment and a weaker product mix
- Building Products delivered revenue growth with good performances in Water Management and Mortars and good progress on strategic growth opportunities in Water Management
- Roofing Products revenue growth of 4% driven by c.32% growth in Viridian Solar as it capitalised on new build energy efficiency regulations

Financial highlights

- Robust Balance Sheet with year-end pre-IFRS 16 net debt of £137.9 million and leverage of 1.8 times adjusted EBITDA
- Adjusted operating cash flow conversion of 88% reflects disciplined working capital management
- Successfully refinanced the £270 million facility in November with no change in commercial terms, reinforcing the medium-term funding platform and providing flexibility to continue executing the strategy at pace

ESG highlights

- Recognised by Financial Times and Statista as one of Europe's Climate Leaders for the fourth time
- Continued to expand the range of Environmental Product Declarations (EPDs) to support customer transparency and tender requirements
- Maintained Fair Tax Mark accreditation and Living Wage employer status
- Continued progress against the Group's net-zero pathway, supported by improved data capabilities
- Strengthened responsible business practices, including comprehensive supply chain mapping at Viridian Solar and the launch of an Ethical Use of AI policy and training
- Continued focus on skills development and social value in communities where we operate

Strategic Report

Governance

Financial Statements

At a Glance

Strengthen performance through the cycle and deliver sustainable, profitable growth

Our strength lies in our diversified portfolio. Spanning across brands, categories and end markets, we offer a broad product range with specialist and innovative products and solutions across the UK construction sector.

LANDSCAPING PRODUCTS	ROOFING PRODUCTS	BUILDING PRODUCTS
9 locations	6 locations	8 locations
Revenue £265.8m	Revenue £194.3m	Revenue £172.0m

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

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

Viridian Solar
- Market leader in integrated solar
- Leadership in ESG
- Market leading wrap-around service

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

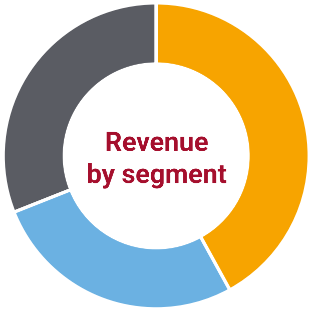
Marshalls Bricks & Masonry
- Market leader in lower-carbon concrete bricks
- Wide product range and nationwide coverage

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

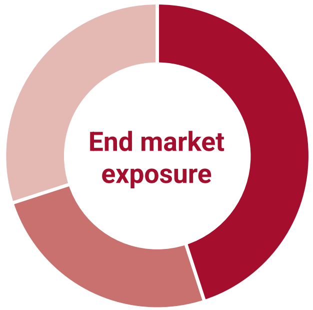
BRAND POWERHOUSES

GROWTH ENGINES

At a Glance continued



- **42%** Landscaping Products
- **27%** Building Products
- **31%** Roofing Products



- **45%** New housing
- **25%** Housing RMI
- **30%** Commercial & infrastructure

Where we operate

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

Group employees

2,348

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

Where we are going

Group with strategic clarity and ambition, known for:

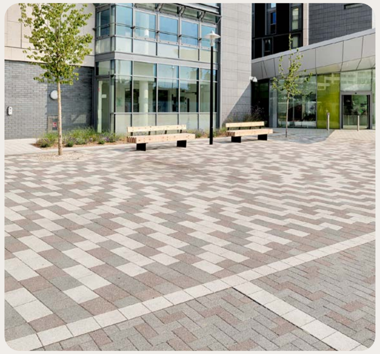
Leading brands delivering pioneering systems and solutions	ESG and carbon leadership	Realising the synergies and operational leverage of our national manufacturing and logistics network	Powerful customer partnerships	High-performance, delivery-focused culture that realises the potential of its people

Our brands

Marshalls Mortars & Screeds
Marshalls Landscaping
Marshalls Aggregates
Marshalls Water Management
Marshalls Bricks & Masonry
Marley
viridian solar
ArcBox

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 p.a.

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 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
- Create optionality for scale acquisition in longer term

Group financial model

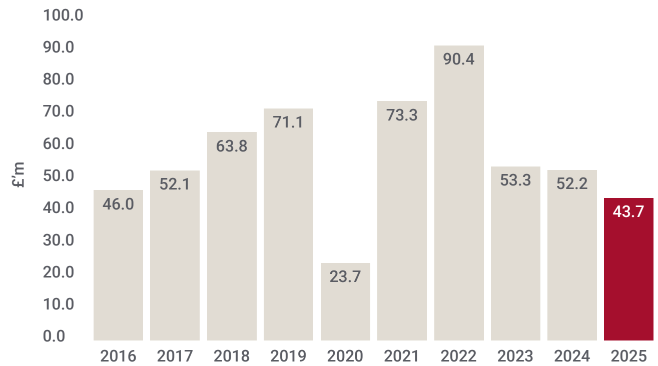
'Transform & Grow' strategy drives revenue growth outperformance and operational leverage, which will deliver enhanced shareholder returns.

▶ Our strategy page 11

Our performance

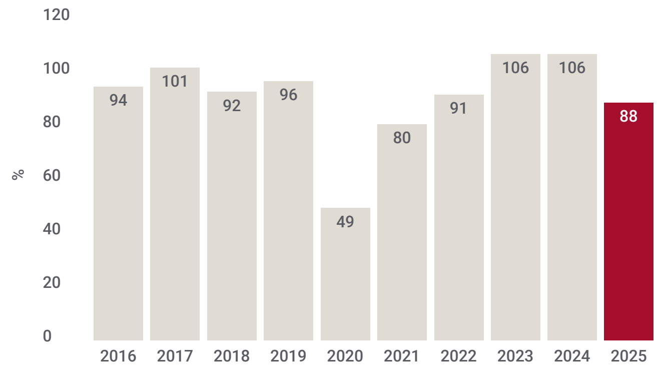
Marshalls has a long-term track record of delivering shareholder value before the recent downturn adversely impacted results...

Adjusted profit before tax



... and delivers strong and consistent cash conversion.

Operating cash flow conversion



▶ Our financial review page 48

Chair's Statement

Vanda Murray OBE
Chair

Summary

- Disciplined stewardship in subdued markets, with the Board safeguarding liquidity, cash generation and capital discipline
- Medium-term funding secured through the successful £270 million refinancing completed in November 2025
- Dividend maintained in line with policy, with a proposed final dividend of 4.5 pence per share and continued commitment to two times cover
- Leadership continuity and accountability strengthened with Simon Bourne appointed Chief Executive Officer following a robust search process
- Board oversight of 'Transform & Grow' execution intensified, including monitoring and challenging of the Landscaping Products improvement plan
- Risk and internal controls remain a core Board focus, as we continue to strengthen our framework in line with evolving governance expectations
- Progress on our carbon roadmap, with SBTi validation reinforcing the credibility of our net-zero pathway

In a year of significant change and continued market challenges, the Board's focus has been clear: safeguarding our financial resilience today while driving the structural transformation required for tomorrow.

Overview

Against a backdrop of continued macro-economic uncertainty and subdued activity in our key end markets, the Board has ensured that the business remained focused on rigorous self-help measures. These actions, executed by the leadership team, have reshaped the business and created the foundation for an improvement in profitability.

Our diversified portfolio provided balance during the year, with a robust contribution from Roofing and Building Products partially offsetting weaker profitability in Landscaping Products, where the turnaround is progressing. We supported management in taking difficult but necessary decisions to reset our Landscaping business, including the optimisation of our manufacturing network and the simplification of our product portfolio. In parallel, we ensured that a clear strategic focus on supporting the continued scaling of our growth engines in Solar, Bricks and Water Management was maintained.

Governance and stewardship remain at the centre of our approach. Following the leadership change announced in November, we appointed Simon Bourne as Interim Chief Executive, prioritising both stability and the rigorous selection of the right leader for the Group's next phase. On 19 January 2026, we were delighted to confirm Simon's appointment as Chief Executive Officer. This decision followed a comprehensive process involving a robust evaluation of both internal and external candidates. Simon has been integral to the growth and development of the Group over the last ten years and has played a central role in crafting the 'Transform & Grow' strategy. His appointment not only supports our desire to reinforce the execution of this strategy but is deserved recognition for his proven ability to drive change and continuous improvement. The Board is convinced that this combination of strategic continuity and operational focus best serves our shareholders.

Under the Board's guidance, the Group is now well positioned to deliver our strategy and embed the improvements made throughout 2025. Our focus remains on the delivery of these benefits and ensuring we take full advantage of our growth opportunities through 2026 and beyond.

Financial stewardship

The Board has maintained a rigorous focus on financial discipline, liquidity and capital efficiency, ensuring that the Group's financial position remains strong against a backdrop of continued market uncertainty. A key priority this year was securing medium-term funding stability. We successfully achieved this in November, extending the maturity profile of the Group's bank facility to 2029 with no change in commercial terms.

With funding stability secured, our capital allocation framework remains unchanged. We continue to prioritise organic investment in the business, support a sustainable ordinary dividend and ensure Balance Sheet strength in line with our risk appetite, creating long-term value for our shareholders.

Further detail of our financial performance, funding and capital allocation decisions is set out on pages 8 to 10 of the Chief Executive Officer's Statement and pages 48 to 51 of the Financial Review.

Dividends

The Board has proposed a final dividend of 4.5 pence per share which, combined with the interim dividend of 2.2 pence, results in a total distribution for 2025 of 6.7 pence (2024: 8.0 pence). This is in line with our policy of maintaining dividend cover of two times adjusted earnings. The dividend will be paid on 1 July 2026 to shareholders on the register at the close of business on 5 June 2026.

The Marshalls Way

Doing the right things, for the right reasons, in the right way, safely

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

Chair's Statement continued

'Transform & Grow' strategy

The Board remains steadfast in its commitment to the 'Transform & Grow' strategy. As stewards of Marshalls' long-term direction, we are confident this remains the right framework to deliver sustainable growth and improve resilience. Simon's appointment safeguards strategic continuity, minimising disruption and ensuring the Executive Team remains focused on delivery.

Throughout the year, our governance activities centred on monitoring the pace and effectiveness of execution rather than revisiting the strategy itself. We conducted regular deep-dive reviews into the Landscaping Products improvement plan, challenging management on the delivery of key milestones, including cost reduction targets and margin recovery expectations. During 2026, we expect to scrutinise capital and resource allocation proposals in respect of our growth engines, ensuring effective capital deployment and validating that our plans remain aligned to an evolving regulatory and market backdrop.

To ensure rigorous oversight, the Board monitors progress through a clear framework of financial and non-financial KPIs. This gives the Board a clear view of how the strategy is taking effect on the ground and allows us to hold management to account for delivering planned improvements in profitability and counter-cyclical resilience.

Environment

Sustainability is a core commercial driver of our 'Transform & Grow' strategy. The Board continues to oversee our progress against the Group's net-zero 2050 targets, which are validated by the Science Based Targets initiative (SBTi). This year, we have focused on embedding carbon leadership into our customer proposition, expanding our suite of Environmental Product Declarations to give our customers the transparency they need. By continuing to innovate in lower-carbon concrete, we are ensuring Marshalls remains the partner of choice for building a sustainable future.

Social

As a responsible business, we remain guided by the UN Global Compact and committed to the UN Sustainable Development Goals (SDGs), underpinned by The Marshalls Way and our purpose of 'Building Tomorrow's World'.

The Board places the health, safety and wellbeing of our colleagues at the centre of its oversight and is committed to fostering an inclusive, high-performance culture where people can develop and thrive. We have maintained our focus on responsible supply chains, applying comprehensive human rights due diligence, particularly as we expand in high-growth areas like solar. We are proud to have retained our status as a Living Wage employer and Fair Tax Mark holder for over a decade, reflecting our enduring commitment to doing business the right way.

Governance

Strong governance remains fundamental to how we run Marshalls. Our Corporate Governance Statement on pages 64 to 78 sets out how we have applied the principles of the UK Corporate Governance Code (the "UK Code") and maintained high standards of Board leadership, accountability and transparency.

The Board's agenda during the year balanced oversight of strategy execution, leadership succession and culture with detailed scrutiny of risk, internal controls and financial reporting. We have also continued our readiness activities for the changes in the UK Code which come into effect from January 2026.

We continue to engage transparently with shareholders and wider stakeholders to ensure our stewardship remains aligned with their long-term interests. Details on this can be found in our Stakeholder Engagement section on pages 26 to 30.

Board changes

On 27 November 2025, Matt Pullen stepped down from the Board as Chief Executive. On behalf of the Directors, I would like to thank Matt for his contribution, particularly his work in developing the 'Transform & Grow' strategy. Following Matt's departure, Simon Bourne was appointed Interim Chief Executive Officer and the Board initiated a formal search process with independent advisers, including robust assessment of internal and external candidates. On 19 January 2026, we appointed Simon as Chief Executive Officer with immediate effect. Simon has been with the Group for more than a decade in senior operational and commercial roles and has been a member of the Board since 2022. His appointment reflects the Board's focus on execution and our desire to accelerate delivery of 'Transform & Grow' with continuity and operational leadership. The Board does not intend to appoint a separate Chief Commercial Officer. Commercial leadership is now embedded within the Executive team and divisional leadership structure, with the Chief Executive Officer retaining overall accountability for the Group's commercial agenda.

During the year, we were pleased to welcome Paul Inman as a Non-Executive Director. Paul joined us in September 2025 as part of our planned succession for Graham Prothero, who has served a nine-year term and in accordance with good governance standards will not stand for re-election at the 2026 AGM. On behalf of the Board, I would like to thank Graham for his dedicated service and wise counsel over the last decade and wish him the best in his future endeavours.

Outlook

Market activity levels in the first two months of 2026 remained consistent with the close of 2025, although they were affected by persistent rainfall.

Against this backdrop, our priority in 2026 is the disciplined implementation of 'Transform & Grow' to drive improved operating margins and strong cash generation, supported by tight control of our costs, working capital and capital expenditure. This will be underpinned by sharper execution through intensifying our pace, tightening our focus, and improving performance, ensuring teams throughout our businesses are aligned behind priorities that will improve margin, cash and service outcomes.

The Board is mindful of the conflict in the Middle East. However, in the absence of clarity on the impact of the conflict on our end markets and cost base, our expectations for the year remain unchanged and the Board is confident of driving a material increase in profitability and returns over the medium-term.

Vanda Murray OBE
Chair
16 March 2026

Our people

I would like to thank our colleagues across the Group for their dedication during a year of significant change. Our people are the bedrock of our business, and their commitment to safety, customer service and our values has remained steady in challenging conditions. With a renewed leadership team and a clear strategy in place, I am confident that our high-performance culture will continue to drive our transformation and future success.

▸ Read more about our people on pages 33 to 35

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.	Focus.	Performance.
Delivery-led organisation	**Selective in what we do**	**Commercial excellence**
Flattening the structure	**Prioritised** investment	**Enhancing** financial transparency
Agile decision making	**Linking** workforce plans to value	**Aligning** incentives to outcomes
Seamless customer integration	**Refreshing** product portfolio & NPD	**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.

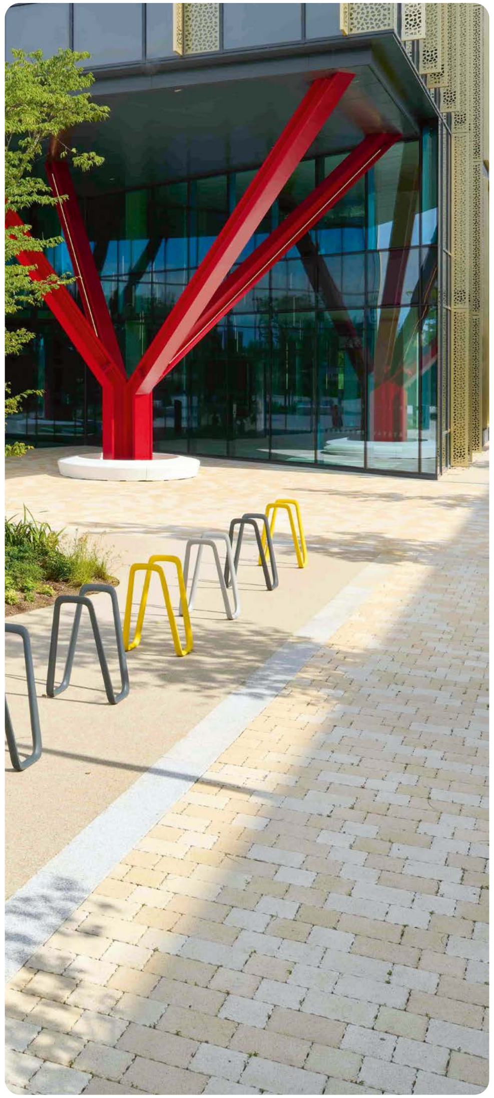
Engagement has been vital in navigating the challenges of the past year. Through regular and transparent dialogue with our Employee Voice Group and our Group-wide engagement survey, we have sought to keep colleagues connected to our purpose and supported through the Group's transformation.

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



Our Strategy

Our purpose: 'Building Tomorrow's World'

Our strategy: 'Transform & Grow'

Our vision: To be the customer's first choice for building materials and infrastructure solutions

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.

Leadership in ESG

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

Great place to work

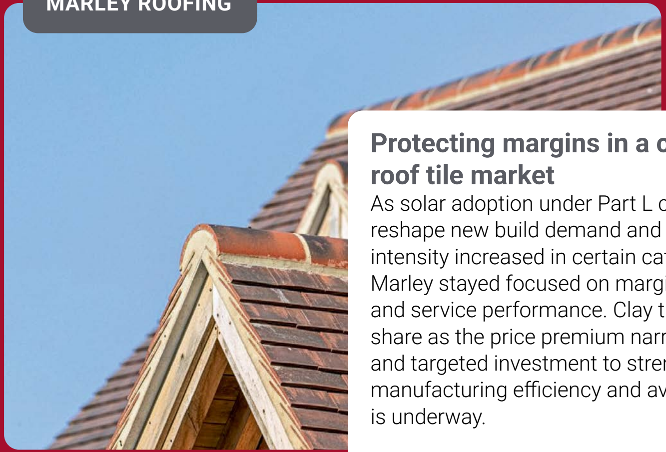
Investing in our people, organisation and culture.

Strategy in Action: Brand Powerhouses

Brand Powerhouses

Diversification across brands, categories and end markets is a strategic advantage that spreads our risk while creating flexibility to pursue future opportunities.

MARLEY ROOFING

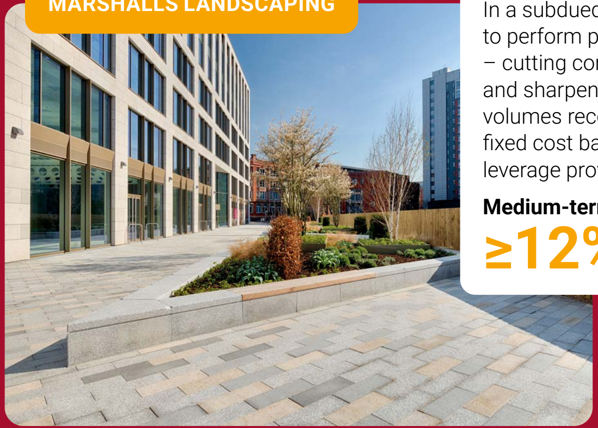


Protecting margins in a changing roof tile market

As solar adoption under Part L continued to reshape new build demand and competitive intensity increased in certain categories, Marley stayed focused on margin protection and service performance. Clay tiles gained share as the price premium narrowed, and targeted investment to strengthen manufacturing efficiency and availability is underway.

+6ppts
market share (clay tiles)

MARSHALLS LANDSCAPING



Building a leaner, more agile Landscaping business

In a subdued market we reshaped the business to perform profitably at current demand levels – cutting complexity, right-sizing the cost base and sharpening pricing and mix discipline. As volumes recover, the combination of a lower fixed cost base, better mix and operating leverage provides clear upside potential.

Medium-term operating margin target:

≥12%

Strategy in Action: Growth Engines

Growth Engines

Targeted investment in our growth engines – Viridian Solar, Marshalls Bricks and Marshalls Water Management – to drive significant market outperformance in attractive end markets.

VIRIDIAN SOLAR

Protecting market leadership

Viridian delivered strong growth as housebuilders implemented Part L, supported by best-in-class product performance and a differentiated service model. As Part L adoption becomes embedded, our priority is to protect and extend market leadership through continued investment in product, customer service and operational resilience, while expanding ArcBox into international markets.

2025 revenue growth

32%

MARSHALLS WATER MANAGEMENT

Delivering growth in our core housing markets and winning new infrastructure business

We have built the foundations for the next phase of growth: improved service, scaled operational capacity and stronger engagement with Tier 1 contractors and specifiers through framework agreements. Our focus now shifts to converting the design pipeline into orders and deliveries as AMP8 mobilisation translates into on-the-ground activity.

£44bn

estimated new infrastructure investment over AMP8 cycle

MARSHALLS BRICKS & MASONRY

Robust price and margin realisation in challenging markets

Disciplined decisions have protected margin against a backdrop of increased supply and subdued demand. While we remain confident in the medium-term opportunity, supported by a recovery in new housing and a shift towards lower-carbon products, costs will remain controlled until activity levels improve.

Trading margins

maintained

year-on-year

Our Markets

Navigating the cycle

Managing the cycle

The UK construction market in 2025 remained structurally under-supplied in housing and infrastructure but continued to operate within a cyclical slowdown. While inflation moderated, interest rates remained elevated relative to the previous decade, constraining affordability, mortgage approvals and investor confidence.

For Marshalls, the principal headwinds were in private housing and discretionary RMI. These conditions impacted volumes across Landscaping and certain Commercial product lines and represented the most significant drag on Group performance in 2025. The year was therefore characterised not only by market pressure but by deliberate operational repositioning.

New build housing – positioned for recovery

Private housing output remained subdued, with developers prioritising cash generation, disciplined build rates and completion of existing sites. The Construction Products Association (CPA) forecasts gradual improvement through 2026 as rates ease; however, recovery is expected to be measured.

Landscaping demand lags housing starts due to its completion-driven installation profile. It sits at the intersection of housebuilder completion schedules, installer capacity and merchant inventory levels. As a result, volume recovery is influenced not only by housing starts but by working capital discipline within the distribution channel and consumer confidence at the point of installation.

In response, we aligned capacity to realistic demand assumptions and strengthened commercial governance across the business. Manufacturing optimisation, improved logistics discipline and tighter pricing architecture have created a leaner and more agile operating platform. As activity stabilises, we are positioned to translate incremental market recovery into margin progression through operating leverage and improved mix discipline.

Housing RMI – strengthening our commercial engine

The RMI market demonstrated a clear divergence between essential and discretionary spend. Roofing categories remained comparatively resilient, reflecting maintenance-led demand, regulatory standards and defined replacement cycles. Marley therefore continues to provide structural balance within the Group, spanning both new build roofing and repair activity and reducing reliance on discretionary expenditure.

Larger aesthetic landscaping projects were deferred as households prioritised essential expenditure. In response, 2025 was a year of structural commercial reset within Landscaping.

Customer intimacy now means structuring the business around the needs of the market rather than internal process. We have introduced a clearer operating rhythm that drives consistent, measurable sales activity – including improved contact frequency, more mature commercial conversations and a sharper focus on share-of-wallet growth. Forecasting discipline is now directly linked to trading and promotional calendars, ensuring alignment between demand planning, stock positioning and customer activity.

Operational excellence focuses on making Marshalls easier to trade with than competitors. We have simplified our manufacturing and logistics platform, improved availability and service consistency, and reduced complexity across the network. The objective is consistent service performance delivered from a cost-efficient platform.

Product leadership balances accessibility and innovation. In a market requiring both cost sensitivity and differentiation, we have sharpened our product value ladder – ensuring competitive entry and core ranges alongside new and innovative solutions that support installers and merchants in protecting and enhancing their own margins.

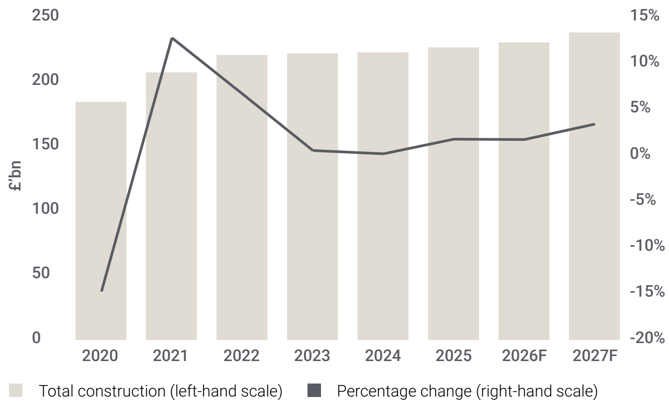
Together, these pillars position Marshalls as an enabling partner – supporting customers in delivering their own strategies more effectively, rather than competing purely on price. As conditions stabilise, this integrated commercial engine improves revenue predictability, margin quality and working capital alignment.

Commercial – disciplined participation

Commercial construction remained mixed, with regeneration and public realm projects delayed as funding and financing conditions remained constrained. Education and logistics projects provided relative resilience, while office and retail activity remained subdued.

Our Commercial Landscaping exposure is weighted towards specification-led public realm and regeneration schemes, where planning lead times introduce volatility but offer attractive project economics. While conversion remains gradual, bidding activity has improved, supported by strengthened specification relationships and clearer commercial governance.

CPA forecast – total UK construction



How we responded in 2025

- **Cost actions:** Optimised our manufacturing network to balance capacity with reduced demand
- **Developing commercial and operational excellence:** Reset pricing and discount frameworks, tightened mix management and focused on higher-value, specification-led opportunities
- **Protected cash and capex:** Maintained strict control over working capital and prioritised high-return investments while deferring non-essential expenditure
- **Backed our growth engines:** Continued to invest selectively in Viridian Solar, Water Management and Bricks & Masonry, even as we controlled costs elsewhere

Our Markets continued

Powered by long-term structural drivers

Infrastructure – regulatory momentum

The transition into AMP8 represents a significant investment cycle in the UK water sector. Although deployment has been measured during the transition year, water companies are planning approximately £44 billion of new infrastructure investment, including substantial funding for storm overflow mitigation and climate resilience. CPA forecasts anticipate infrastructure growth of c.4% per annum in 2026 and 2027, with water and sewerage construction growing ahead of the wider market.

Our Water Management business participates in key AMP8 frameworks and is aligned to flood resilience, SuDS adoption and surface water management requirements. As frameworks convert into active delivery, we expect increasing participation in regulatory-driven infrastructure programmes.

Powered by long-term structural drivers

While construction cycles influence near-term performance, Marshalls is increasingly aligned to structural drivers in infrastructure, regulation and sustainability.

Our diversified portfolio spans discretionary consumer demand, essential maintenance categories, specification-led commercial activity and regulatory-driven infrastructure investment. This diversification reduces reliance on any single end market and enhances resilience through the cycle.

Why diversification matters

- **No single market defines our performance:** Our exposure to diverse end markets reduces our reliance on any single sector, dampening the impact of cyclical downturns
- **Balancing the portfolio:** While housing and RMI remain core to our heritage, infrastructure and regulatory-driven demand are growing in relative importance, providing new avenues for revenue generation
- **Aligned to structure, not just cycle:** Our growth engines (Viridian Solar, Water Management and Bricks & Masonry) are tethered to long-term structural drivers – legislation, climate adaptation and energy security. These will remain despite short-term economic fluctuations
- **Strategic rebalancing:** Our strategy is to proactively rebalance the Group towards these higher-growth, structural opportunities over the medium term

Infrastructure and water – structural support

Climate adaptation, flood mitigation and regulatory reform are driving sustained investment in water infrastructure. Legislative focus on Schedule 3 of the Flood and Water Management Act is accelerating adoption of SuDS, embedding resilience requirements into planning frameworks.

These drivers directly support our integrated capability in permeable paving, drainage systems and surface water management solutions.

Decarbonisation and product substitution

The transition to a lower-carbon built environment is reshaping specification behaviour.

Regulatory developments, including Part L of the Building Regulations and the forthcoming Future Homes Standard, are increasing energy efficiency requirements in new housing. This supports structural penetration growth for roof-integrated solar solutions through Viridian Solar, even in a subdued housing market.

Embodied carbon considerations are also increasingly material across commercial and residential construction. Our Bricks & Masonry business benefits both from lower-carbon product development and from ongoing substitution dynamics within housing construction, where cost efficiency and carbon performance influence product selection. As housing activity stabilises, the business benefits from operational scale, cost competitiveness and integrated supply capabilities across the Group, enhancing its ability to compete effectively in a price-sensitive environment.

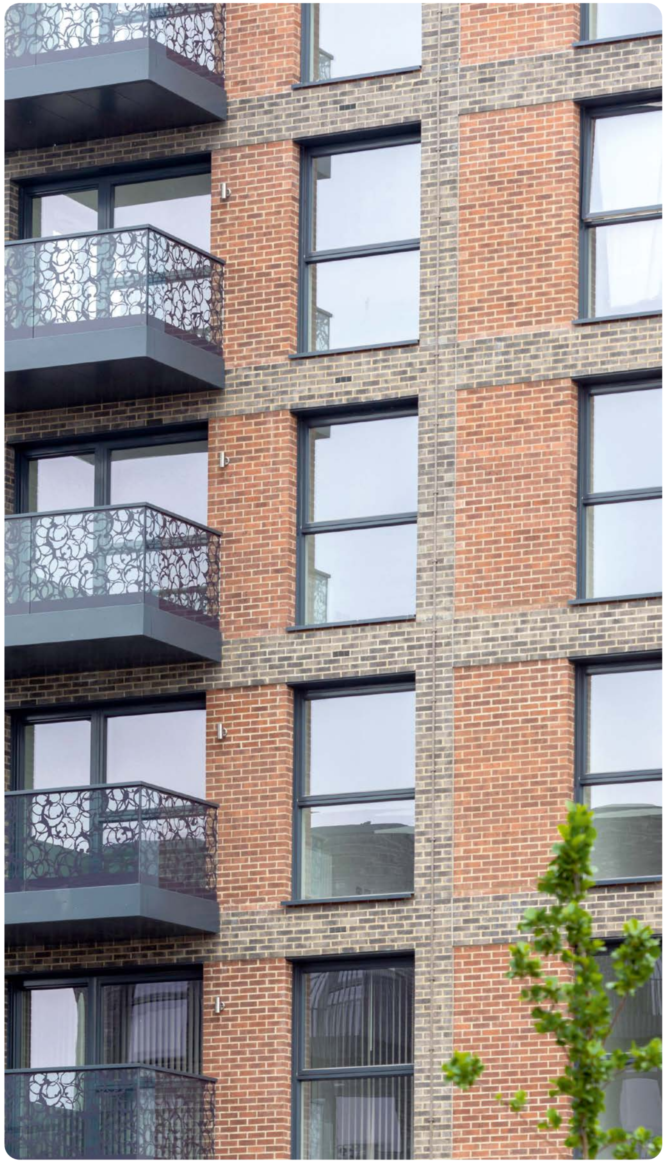
Positioned for outperformance

The UK built environment requires renewal across housing supply, water resilience and energy efficiency.

Marshalls enters 2026 with a simplified structure, leaner cost base and strengthened commercial operating model. We have clarified accountability, improved decision speed and embedded a more disciplined operating model.

The structural actions taken in 2025 have lowered the Group's operational breakeven and improved conversion of incremental revenue into profit, enhancing resilience through the cycle. With a cost base aligned to current demand levels, even modest market normalisation provides meaningful earnings leverage.

Our objective remains to outperform the UK construction market through disciplined capital allocation, operational excellence and structural portfolio rebalancing.



Business Model

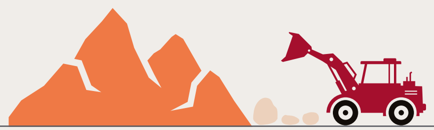
‘Building Tomorrow’s World’

OUR KEY RESOURCES…

We begin with responsibly sourced and predominantly British materials that underpin the quality and performance of our products.

Raw materials

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 relate to solar solutions and imported dimensional stone.



94%
raw materials sourced from UK

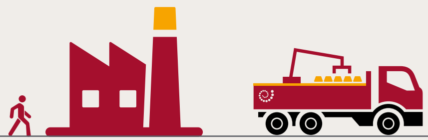
Founding member
of the Solar Stewardship Initiative - see page 37

AND INNOVATIVE SOLUTIONS…

By combining engineering expertise, innovation and an uncompromising commitment to quality, we transform raw materials into reliable products that last for generations.

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.



60%
cement replacement achieved within our concrete products

85%
of our manufacturing sites with ISO 9001 accreditation for quality management

ENABLE US TO CREATE LASTING VALUE

From homes and hospitals to town centres, roads and water systems, our building materials and infrastructure solutions power the projects that shape everyday life.

Enabling the built environment

We transform raw materials into long-lasting, sustainable building solutions, creating resilient places where communities thrive.

66%
type III verified EPD coverage

58
Group NPS

OUR DIFFERENTIATORS

Carbon leadership and ESG governance | Best-in-class technical and design support | Leading brands and specification-led model | Operational excellence

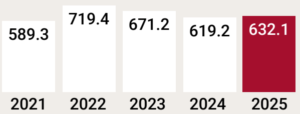
Key Performance Indicators

Measuring our performance

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

Revenue (£'m)

£632.1m
(up 2%)



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 annum in the medium term.

Performance
Increase of 2% despite subdued markets in 2025.

Principal risks
- Competitor activity and new technology
- Macro-economic and political
- Security of raw material supply/raw material shortages
- Threat from new technologies and business models
- Delivery of strategic programmes

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

Stakeholder linkage
- Customers
- Suppliers
- Employees
- Communities

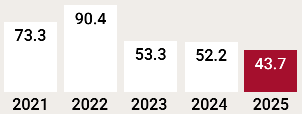
Links to remuneration AI LTIP

Adjusted profit before tax (£'m)

£43.7m
(down 16%)

Reported PBT (£'m)

£17.7m



Why is this KPI important?
Sustainable improvement in profitability is a strategic priority.

Performance
Profit has been adversely impacted by lower-margin mix in Landscaping and targeted price investments to secure volume in key channels. This was partially offset by the benefits of cost and capacity reduction implemented in 2025.

Principal risks
- Competitor activity and new technology
- Macro-economic and political
- Cyber systems, security and technology
- Security of raw material supply/raw material shortages
- Delivery of strategic programmes

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

Stakeholder linkage
- Shareholders
- Employees

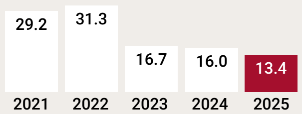
Links to remuneration AI LTIP

Adjusted EPS (pence)

13.4p

Reported EPS (pence)

5.7p



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 partially offset by lower finance costs. The effective tax rate is broadly unchanged.

Principal risks
- Competitor activity and new technology
- Macro-economic and political
- Cyber systems, security and technology
- Security of raw material supply/raw material shortages
- Delivery of strategic programmes

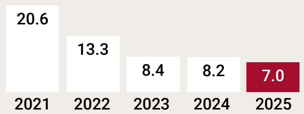
Risk mitigation
- Innovation and new product development
- Focus on cyber security controls
- Proactive supply chain management

Stakeholder linkage
- Shareholders
- Government

Links to remuneration AI LTIP

Adjusted return on capital employed (ROCE) (%)

7.0%



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 2025 is 7% (2024: 8.2%) due to weaker profitability. ROCE is defined as EBITA/shareholders' funds plus net debt.

Principal risks
- Competitor activity and new technology
- Macro-economic and political
- Delivery of strategic programmes

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

Stakeholder linkage
- Shareholders
- Employees

Links to remuneration AI LTIP

Key Performance Indicators continued

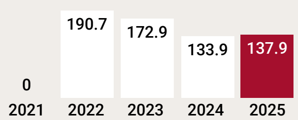
Links to remuneration

AI Annual incentive award

LTIP Long-term Incentive Plan

Pre-IFRS 16 net debt (£'m)

£137.9m



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 £137.9 million at 31 December 2025 (2024: £133.9 million). The year-on-year increase reflected lower EBITDA, higher finance cost payments and a greater working capital investment, alongside increased capital expenditure and cash outflows associated with adjusting items, including the final contingent consideration payment in respect of Viridian Solar and cash restructuring costs.

Principal risks

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

Risk mitigation

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

Stakeholder linkage

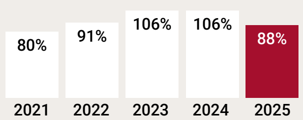
- Shareholders
- Employees
- Customers
- Suppliers

Links to remuneration AI LTIP

Adjusted operating cash flow conversion (OCF) (%)

88%

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 88% of EBITDA, reflecting strong working capital management.

Principal risks

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

Risk mitigation

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

Stakeholder linkage

- Shareholders
- Customers
- Suppliers

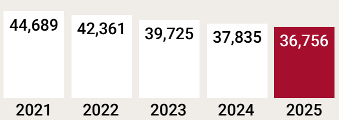
Links to remuneration AI LTIP

Climate change (%)*

3%

decrease in absolute carbon emissions in 2025

* Prior year data restated - see page 39.



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 in 2025. Absolute emissions remain well within our approved Group science-based target pathway. Though the KPI related to remuneration has changed to carbon reduction projects, it is interlinked with our roadmap to net-zero by 2050.

Principal risks

- Security of raw material supply
- Legal and ethical

Risk mitigation

- Mitigation and adaptation strategy
- Materials research and development
- Climate risk analysis

Stakeholder linkage

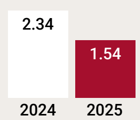
- Shareholders
- Employees
- Customers
- Suppliers
- Environment
- Regulators

Links to remuneration

Health and safety (lost time injury frequency rate)**

1.54

** Health and safety performance cannot be directly compared to years prior to 2024 due to integration of Marley data.



Why is this KPI important?

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

Performance

In 2025 the lost time injury frequency rate per million hours worked was 1.54. Having integrated our health and safety data, we can now report a comparison to the previous year.

Principal risks

- Health and safety
- People risks

Risk mitigation

- Positive safety culture
- Compliance procedures and policies
- Employee training

Stakeholder linkage

- Employees
- Customers
- Communities
- Environment
- Regulators

Links to remuneration AI LTIP

Summary of Group Performance

Our diversified portfolio continues to provide balance through the cycle

The Group delivered a resilient performance in challenging market conditions, with the impact partially mitigated by decisive management actions taken in 2025 and the benefit of its diversification strategy. The Group's adjusted results are set out in the following table.

£'m	2025	2024	Change %
Revenue	**632.1**	619.2	2%
Adjusted net operating costs	**(575.7)**	(552.5)	(4%)
Adjusted operating profit	**56.4**	66.7	(15%)
Adjusted net finance expenses	**(12.7)**	(14.5)	12%
Adjusted profit before taxation	**43.7**	52.2	(16%)
Adjusted taxation	**(9.7)**	(11.7)	17%
Adjusted profit after taxation	**34.0**	40.5	(16%)
Adjusted EPS – pence	**13.4p**	16.0p	(16%)
Proposed full-year dividend – pence	**6.7p**	8.0p	(16%)

Group revenue was £632.1 million (2024: £619.2 million), which is 2% higher than 2024. This reflected growth of 4% in both Building and Roofing Products, partially offset by a modest contraction of 1% in Landscaping Products. Group adjusted operating profit was £56.4 million, which is £10.3 million lower than 2024, reflecting a significant reduction in profitability in Landscaping Products and a modest contraction in Building Products, partially offset by growth in Roofing Products. Group adjusted operating margin decreased by 1.9ppts to 8.9% (2024: 10.8%).

The adjusted operating profit is analysed between the Group's reporting segments as follows:

£'m	2025	2024	Change %
Landscaping Products	**0.6**	10.7	(94%)
Building Products	**13.0**	14.1	(8%)
Roofing Products	**50.2**	49.4	2%
Central costs	**(7.4)**	(7.5)	1%
Adjusted operating profit	**56.4**	66.7	(15%)

Further details of the segmental performance are set out on pages 20 to 22.

Adjusted net finance expenses were £12.7 million (2024: £14.5 million). These expenses comprised financing costs associated with the Group's bank borrowings of £11.3 million (2024: £12.5 million), IFRS 16 lease interest of £2.0 million (2024: £1.7 million) and a pension related credit of £0.6 million (2024: £0.3 million charge). The reduction in adjusted net finance expenses in 2025 reflects the impact of lower average drawn borrowings and base rates, together with a net benefit from pension interest.

Adjusted profit before tax was £43.7 million (2024: £52.2 million). The adjusted effective tax rate was 22% (2024: 22%), reflecting the UK headline corporation tax rate partially offset by the benefit of a patent box arrangement. Adjusted earnings per share was 13.4 pence (2024: 16.0 pence), which is a 16% reduction year-on-year reflecting the weaker profitability.

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

£'m	2025	2024	Change %
Adjusted operating profit	**56.4**	66.7	(15%)
Adjusting items affecting operating profit	**(24.4)**	(12.8)	(91%)
Operating profit	**32.0**	53.9	(41%)
Net finance expenses	**(12.7)**	(14.5)	12%
Adjusting items affecting finance expenses	**(1.6)**	–	–
Profit before taxation	**17.7**	39.4	(55%)
EPS – pence	**5.7**	12.3	(54%)

Reported profit before tax was £26.0 million lower than the adjusted result at £17.7 million (2024: £39.4 million), reflecting the impact of the adjusting items. On a reported basis, the effective tax rate is 18.6%. Reported earnings per share was 5.7 pence (2024: 12.3 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 affecting operating profit totalling £24.4 million as summarised in the following table, further details are set out at Note 4.

£'m	2025	2024
Amortisation of intangible assets arising on acquisitions	**10.3**	10.4
Restructuring and impairment charges	**14.1**	–
Transformation costs	**–**	2.5
Contingent consideration	**–**	1.6
Significant property sales	**–**	(1.7)
Adjusting items within operating profit	**24.4**	12.8
Adjusting items within net finance expenses	**1.6**	–
Adjusting items within profit before taxation	**26.0**	12.8

Adjusting items in 2025 totalled £26.0 million (2024: £12.8 million). Adjusting items within operating profit were £24.4 million (2024: £12.8 million) and comprised non-cash amortisation of intangible assets arising on acquisitions of £10.3 million (2024: £10.4 million) and restructuring and impairment charges of £14.1 million (2024: £nil) arising from a partial site closure and other cost reduction actions. In total, adjusting items comprises non-cash charges of £18.6 million and cash costs of £7.4 million, of which £3.7 million was settled in 2025. Adjusting items within net finance expenses were £1.6 million (2024: £nil), relating to the write-off of unamortised bank arrangement fees consequent to the renewal of the Group's banking facilities.

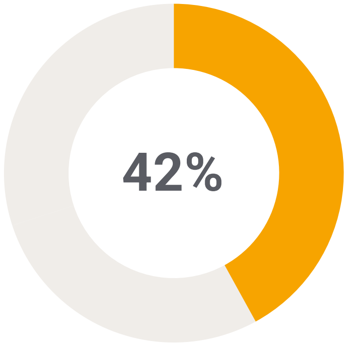
Further details of the adjusting items arising in 2025 are set out in Note 4.

Segmental Review

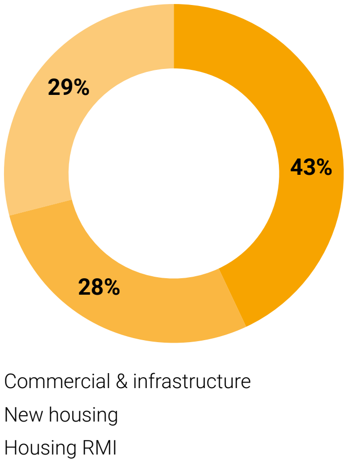
Landscaping Products

Improved revenue trend – building blocks in place for improved profitability

% share of Group revenue



% revenue by end market



Landscaping Products derives 43% of its revenues from commercial & infrastructure end markets, 28% from new housing and 29% from housing RMI. The segment delivered revenue of £265.8 million (2024: £268.3 million) a reduction of 1% year on year, reflecting continued market weakness in the segment's end markets. This performance comprised volume growth of 4%, offset by price investment of 1% and a negative mix impact of 4%, as customers increasingly favoured lower-margin products. This resulted in market-share gain in 2025.

	2025 £'m	2024 £'m	Change %
Revenue	265.8	268.3	(1%)
Segment operating profit	0.6	10.7	(94%)
Segment operating margin %	0.2%	4.0%	(3.8ppts)

Segment operating profit reduced to £0.6 million (2024: £10.7 million), primarily driven by the targeted price investment, an adverse mix effect and cost inflation, alongside weaker manufacturing efficiency in UK-quarried natural stone processing. This was partially offset by the benefit of volume growth and cost savings from restructuring actions. These factors resulted in segment operating margins reducing by 3.8 percentage points to 0.2%.We responded swiftly to the reduction in profitability, accelerating a comprehensive performance improvement programme. Restructuring actions taken in 2025 are expected to deliver £11 million of annualised cost savings, including the exit from UK quarried natural stone processing, with around £3 million being realised in the year. These actions materially reduce the fixed cost base and improve operational flexibility, enabling the Group to deliver its national, specification driven model more efficiently. The business is well positioned to deliver an improved financial performance in 2026 underpinned by cost savings and improving mix dynamics.

Reinforcing the delivery of the Landscaping Products improvement plan

We have acted with urgency to reset the profitability of the Landscaping business in a market that has remained subdued, with overcapacity and value engineering continuing to pressure pricing and mix. The Landscaping Products improvement plan progressed materially through 2025 and is reshaping the division into a leaner, more agile operation aligned to current demand levels.

Execution in 2025 focused on three areas. First, we accelerated optimisation of the manufacturing footprint and overhead base, delivering c.£3 million of cost savings in the year and remaining on track to deliver £11 million of annualised savings by the end of 2026. Second, we simplified the product portfolio to reduce complexity and working capital intensity, reducing SKU count by c.30% and sharpening sales focus towards higher-value ranges. Third, we strengthened commercial discipline through refreshed leadership, clearer portfolio architecture ("good-better-best") and tighter governance of pricing, discounting and margin. These actions are supporting volume growth in our core commercial and domestic markets while building a foundation for a recovery in profitability.

Marshalls Landscaping

Drive greater value from distinctive national specification pull model

Marshalls Landscaping is a market leader, differentiated by a national, specification-led selling model and a broad customer base across end markets, supported by a national manufacturing and distribution network. Our strategic imperative remains to drive greater value from this model, with an increased focus on margin recovery and disciplined execution.

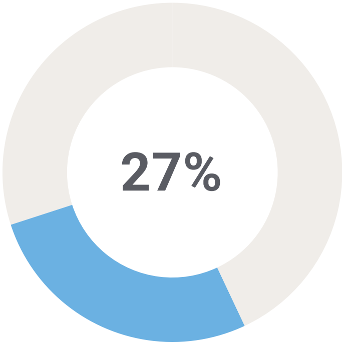
Our strategy is to: (i) reinforce leadership in our commercial heartlands and increase penetration in higher-margin specified commercial & infrastructure applications, where there remains headroom for growth; and (ii) strengthen our residential proposition, improving mix and margin through clearer value tiers and sharper go-to-market execution. Delivery is underpinned by four priorities: securing specification earlier in the project lifecycle, deepening long-term customer partnerships, reinvigorating the portfolio through targeted innovation and simplification, and continuing to improve manufacturing efficiency and service performance. Over the medium term, the business continues to target revenue outperformance versus the wider market of one to three percentage points per annum, with improved profitability driven by a lower cost base, improved mix and operational leverage as volumes recover. The business is targeting revenue outperformance of the wider market by between 1% and 3% per year.

Segmental Review continued

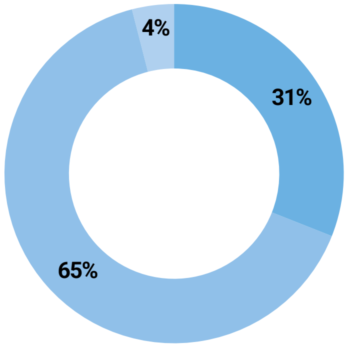
Building Products

Strong Water Management performance offset by softness in bricks and lower property income

% share of Group revenue



% revenue by end market



- Commercial & infrastructure
- New housing
- Housing RMI

Building Products generates 65% of its revenues from new housing, 31% from commercial & infrastructure, with the balance being derived from housing RMI. Revenue increased by 4% driven by strong delivery in our Water Management and Mortars business units partially offset by a contraction in revenue in Bricks & Masonry.

Our Water Management business performed strongly, delivering growth through successful commercial execution in both its core housing markets and the wider infrastructure sector, supported by improvements in stock availability and service levels. In Mortars, we have benefited from a strong service proposition and relatively modest build rates on housing developments that favours our ready-to-use mortars. Brick revenues contracted in a competitive market as we maintained a disciplined pricing strategy, choosing to protect margin rather than chase volume at lower prices.

	2025 £'m	2024 £'m	Change %
Revenue	172.0	164.6	4%
Segment operating profit	13.0	14.1	(8%)
Segment operating margin %	7.6%	8.6%	(1.0ppts)

Segment operating profit decreased by 8% to £13.0 million, with segment operating margin reducing by 1.0ppts to 7.6%. Profitability improved in Water Management, reflecting higher volumes and an improved mix, and in Aggregates through improved pricing and operational efficiency. These improvements were more than offset by a decline in Bricks due to lower volumes and weaker fixed cost absorption. Mortars profitability reduced modestly despite stronger volumes, as cost increases relating to renewal of the logistics fleet were not fully recovered through price. In addition, the segment received lower levels of property income than that generated in recent years.

Marshalls Water Management

Reposition to access growth and market headroom in water infrastructure

Water Management is increasingly aligned to infrastructure-led demand. By securing framework agreements with Tier 1 contractors, investing in engineering and design capability, and backing this with targeted capital investment to strengthen capacity and service resilience, we have built a strong platform ahead of the AMP8 investment cycle. This positioning supports growth in water infrastructure and wastewater management, where regulated programmes and climate adaptation needs are expected to underpin sustained long-term demand. The business is targeting revenue outperformance of the wider market by between 4% and 6% per year.

Marshalls Bricks & Masonry

Accelerate concrete adoption as lower-carbon alternative

Bricks & Masonry operated in a challenging new build housing market in 2025, with volumes affected by weaker demand and elevated supply-side competition. Despite this backdrop, we protected operating margins through disciplined pricing and cost control.

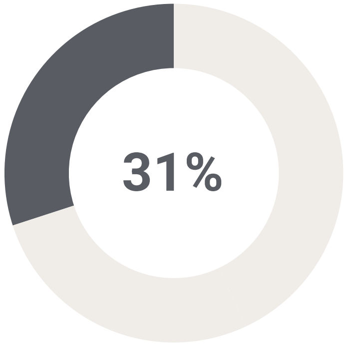
Our conviction in the medium-term opportunity is unchanged: as housing activity recovers and embodied carbon considerations continue to rise, concrete bricks provide a compelling lower-carbon, cost-effective alternative to traditional clay. Consistent with our 'Transform & Grow' approach and disciplined capital allocation, we are maintaining readiness to scale but will keep discretionary investment tightly controlled until there is clearer evidence of a sustained improvement in new housing demand. The business is targeting revenue outperformance of the wider market by between 8% and 12% per year.

Segmental Review continued

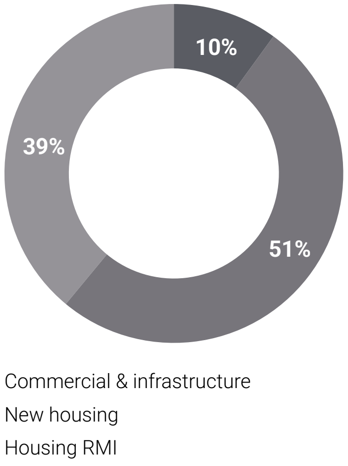
Roofing Products

Strong performance from Viridian Solar drives improved profitability

% share of Group revenue



% revenue by end market



Approximately 51% of revenues in this segment are generated from new housing and around 39% from housing RMI, with the balance generated from commercial and infrastructure end markets. Revenue in this reporting segment increased by 4% year on year to £194.3 million. The improved performance was driven principally by Viridian Solar, which delivered revenue growth of 32% for the year, offsetting a modest revenue reduction from Marley. Viridian Solar revenue growth was driven by the continued adoption of its market-leading integrated solar systems by national housebuilders in response to the Part L (2021) building regulations that require higher levels of energy efficiency in new homes. We estimate that by December 2025 the majority of new houses completed were built to the new regulations and that growth in 2026 will be more modest and will moderate through the year.

	2025 £'m	2024 £'m	Change %
Revenue	**194.3**	186.3	4%
Segment operating profit	**50.2**	49.4	2%
Segment operating margin %	**25.8%**	26.5%	(0.7ppts)

Segment operating profit increased to £50.2 million (2024: £49.4 million), delivering a strong operating margin of 25.8% (2024: 26.5%). This reflected increased profitability from Viridian Solar driven by strong volume growth while maintaining pricing discipline. This was offset by a lower contribution from Marley, where profitability was affected by several factors. During the year, the business experienced short-term operational disruption as it executed planned changes to improve manufacturing processes. This reduced stock availability and manufacturing efficiency in certain product categories, which had an associated effect on revenue. In addition, shifting market dynamics reduced volumes in other categories. Targeted capital investment to improve efficiency and resilience across Marley's core manufacturing lines is underway and will remain a key focus in 2026, supporting a shift to a more efficient production process and helping to maintain returns across a range of market conditions.

Marley Roofing

Strengthen roofing heartlands and drive share in adjacencies

Marley is the market leader in pitched roofing products. In 2025, trading conditions softened in the second half across both new build and RMI markets and, within tiles, the new build mix continued to evolve as rising solar penetration reduced demand for traditional roof tiles. Additional industry capacity also increased competitive intensity in certain categories. Against this backdrop, Marley remained focused on margin protection, service performance and disciplined trading, prioritising the value of the proposition rather than pursuing low-quality volume.

Under 'Transform & Grow', Marley's strategic focus is to defend and grow its core roofing heartlands while expanding share in attractive adjacencies through the rollout of its full roof system offer and deeper customer partnerships. Operational self-help is a key enabler: targeted capital investment is underway to modernise core manufacturing lines, improve productivity and reinforce service resilience, strengthening Marley's ability to deliver consistent returns and high service levels across a range of market conditions. The business is targeting revenue outperformance of the wider market by between 1% and 2% per year.

Viridian Solar

Leverage energy transition tailwinds to accelerate growth

Viridian Solar is the UK market leader in roof-integrated solar for pitched roofs, supplying primarily into new build housing. Customers choose Viridian for its best-in-class integrated product, wrap-around technical and design support, and high standards of ESG and supply chain assurance capabilities that are increasingly important as specifiers respond to tightening regulatory requirements.

Under 'Transform & Grow', Viridian's strategic priority is to protect and extend market leadership as regulation-led adoption increases. We are doing this by continuing to invest in product innovation, capacity and supply chain resilience, and service capability to deliver reliably at scale while deepening partnerships with national and regional housebuilders. Part L has been a material driver of adoption and we continue to monitor the evolving regulatory pathway which we expect to further reinforce demand for integrated solar solutions over the medium term. The business is targeting revenue outperformance of the wider market by between 8% and 12% per 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 2025.

Pages 28 and 29 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 28 to 30.

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.

In addition, the Board also receives regular updates from senior leaders within our business divisions and functions on our progress with strategic priorities and these updates include relevant 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 remain aligned with our culture and ambition. 'Building Tomorrow's World' drives everything we do.	Pages 11 and 65
	Our 'Transform & Grow' strategy provides the flexibility to balance long-term goals that support our purpose with the more immediate challenges arising from cyclical market conditions. This agility continues to underpin the Group's future success while ensuring that the Board carefully considers the impact of its decisions on all stakeholders.	Page 11
	Through the application of the Group's risk management framework, the Board assesses the potential consequences of decisions in the short, medium and long term so that mitigation plans can be developed to prevent, reduce or eliminate risks to the business and its wider stakeholders. Consideration of risk is integral to all business decisions.	Pages 52 to 60
	The Board has adopted a clear capital allocation policy, founded on the principles of security, flexibility and efficiency. Investment in organic growth opportunities, together with strategic investments that strengthen our competitive advantage, focused on leading brands, best-in-class technical and design support and carbon leadership, supports the long-term sustainability of the Group. Whilst continuing to reduce leverage within our target range, we will also consider bolt-on M&A opportunities that align with our strategic objectives, reflecting the importance of agility and flexibility in Board decision making.	Page 51

Our Section 172(1) Statement continued

S172	Relevant disclosure	Reference
The interests of the Company's employees	The execution of 'Transform & Grow' is dependent on engaged, capable and motivated colleagues across the Group. The Marshalls Way guides the investments we make that develop our talent, drive colleague engagement and build a high-performance culture, and make the Group a "great place to work".	Page 33
	Health, safety and wellbeing within our operations remain standing items on the agenda at every scheduled Board meeting, in addition to an annual review by the Board reflecting the Board's commitment to providing a safe working environment. Our goal is continuous improvement, with the health and safety performance being linked to the remuneration of our Executive Directors and our senior management team.	Page 35
	The Board monitors culture through our engagement mechanisms, including our Employee Voice Group (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 is established as an effective and representative colleague engagement forum. It ensures the Board understands how the decisions it makes impact our colleagues and our culture and how actions taken under 'Transform & Grow' support colleague performance and wellbeing.	Page 33
	Our employee engagement surveys enable the Board to understand how our people feel about working for Marshalls. This has been particularly important in the aftermath of some of the very challenging decisions we have made during the last year, including implementing the changes in support of our Landscaping improvement plan. The results of these surveys are shared with the Board, together with details of the actions being taken to address key topics within the feedback. This provides the platform for the Board to challenge how we are ensuring our strategic goal to be considered a "great place to work" is being addressed in how the business is operated.	Page 33
	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 29 and 33
The need to foster the Company's business relationships with suppliers, customers and others	Customers who value our unique set of capabilities are at the heart of our strategy. Building strong customer relationships requires purposeful relationship management, grounded in a clear understanding of what drives choice. This has underpinned our success over the longer term and helped us build our leading brands. The Board has, however, recognised, predominantly through its support of the execution of our Landscaping improvement plan, that reconnecting with our customers has been a key priority during the last twelve months, ensuring they feel we are showing up for them day to day.	Pages 11 to 15
	Our resilient performance in challenging market conditions during 2025 was supported by regular engagement with both customers and suppliers. Sector-wide pressure to maintain cost discipline reinforced the need to stay closely connected with these stakeholders to drive short-term performance and retain agility to continue investing in building long-term relationships.	Page 28
	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 and showing sector leadership are key to achieving this.	Pages 11 and 16

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 updated ESG framework, Built for the Future, drives our choices and decisions. Through 'Transform & Grow' the Board continues to embed environmental and social considerations within operational improvements and capital investment decisions.	Pages 31 to 40
	Our ESG Board Committee oversees and supports the delivery of our ESG strategy, which is driven by our ESG Steering Committee and ensures that our updated ESG framework, Built for the Future, is aligned with our 'Transform & Grow' strategy and our purpose. Our Chief Legal Officer and Company Secretary leads the implementation of our ESG strategy on a day-to-day basis, with the Board committed to providing constructive challenge and support.	Pages 31 to 40
	Further details of how our ESG framework and its implementation are governed, measured and controlled are set out on page 68.	Page 68
	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 framework and was reviewed during 2025.	Page 32
The regulatory implications of any decisions	The Board recognises that transformation and growth must be delivered responsibly. 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 77
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 26
	High standards of governance, transparency and ethical conduct are fundamental to protecting the Group's reputation and stakeholder trust. Board oversight is supported by robust internal controls, risk management and compliance processes. Our prioritisation of business excellence, leadership in ESG and ensuring Marshalls is a great place to work underpin our purpose and our strategy, which are, in turn, powered by our ESG commitments and pillars: road to net-zero, skills and community, and trust and transparency.	Pages 31 to 47
	Our strategic objectives underpin our purpose and strategy.	Page 11
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 26 to 30
	The Board maintained constructive and transparent engagement with shareholders during 2025, which included open engagement about performance challenges, leadership changes and our Directors' Remuneration Policy. The Board recognises that meaningful shareholder engagement is fundamental to building confidence.	Pages 72 and 73
	Our 2025 AGM provided shareholders the opportunity to ask questions and vote in real time to ensure maximum engagement opportunity.	Page 116
	Equality of rights attaching to members ensures we meet the obligation to act fairly between them.	Pages 115 and 116

Stakeholder Engagement

Our stakeholders

Intensifying strategic execution, with everyone on board

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
- 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

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

Communities and the environment
- 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

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

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

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

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

Stakeholder Engagement continued

How we engaged

'Building Tomorrow's World' and our 'Transform & Grow' strategy are best achieved with active engagement with all our key stakeholders.

Links to corporate pillars

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

Marshalls' stakeholder relationships

Engagement with our key stakeholders enables us to understand their expectations, strengthen our relationships and ensure our strategic decisions make us more resilient today and supports long-term sustainable growth. Identifying these stakeholders is key to how we manage our interactions, helping us to engage positively and constructively.

At the core of our approach is a commitment to open and transparent, two-way communication with our stakeholders. This dialogue builds trust, enhances confidence in how we operate, strengthens our brands, drives loyalty and generates value for all stakeholders and, in the long term, ensures we are better able to operate responsibly, minimise environmental impact and support long-term investment and growth.

Executing our 'Transform & Grow' strategy at pace requires strong governance throughout the Group, and we recognise that engagement with our stakeholders as we accelerate the execution of 'Transform & Grow' is critical.

2025 in focus

Our resilience during 2025 demonstrates the Board and management's ability to act decisively, ensuring we remain resilient whilst positioning ourselves for growth and market outperformance in the medium and long term.

Our governance structures guide us in seeking to take advantage of our strong diversified product portfolio through our brand powerhouses and growth engines. Our decision making has regard to the interests of our stakeholders. This is ingrained within our governance processes, both at Board level and throughout our businesses.

Above all else, the Board prioritises the health and wellbeing of our colleagues and the safety of our operations. This guides everything we do and, alongside our commitment to leadership in ESG, drives our reputation and our brand and is part of what makes Marshalls a great place to work.

Although 2025 has seen prolonged market uncertainty and subdued activity in our key end markets, the Group has remained resilient whilst driving the structural transformation that is a key part of our 'Transform & Grow' strategy. The key outcomes of our balanced approach to decision making during the last year are the Group's return to revenue growth and the operational turnaround of our Landscaping business that is on track to achieve £11 million of annualised cost savings in 2026. As we now look ahead to intensifying the delivery of our 'Transform & Grow' strategy, we recognise that engagement with our stakeholders has never been more vital.

The Board confidently believes that its decisions during 2025 had regard to the interests of all relevant stakeholders and were made in The Marshalls Way.

Section 172(1) of the Act sits at the top of the Board's agenda and is central to the Board's decision making process. The fulfilment of the Board's duty under Section 172(1) sits alongside its consideration of the Group's capital structure, capital allocation policy, internal control frameworks and resilience to existing and emerging risks. Further details are set out on pages 23 to 25.

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 28 and 29. Stakeholder considerations and outcomes for some of the key decisions made by the Board during 2025 are set out on page 30.

Stakeholder Engagement continued

How we engage

Shareholders

Business engagement
- AGM, Annual Report, trading updates and presentations
- Regular phone and video calls, face-to-face meetings, site visits and investor roadshows
- Shareholder and analyst event at Viridian Solar headquarters
- Investor relations website
- The Chair and Chief Legal Officer and Company Secretary engage on ESG and sustainability

Board engagement
- The Board engaged extensively throughout 2025 on matters such as financial performance, Remuneration Policy and leadership changes
- Through regular feedback to the Board by the CEO, CFO, brokers and PR advisers, particularly following key reporting events, for example, our half year and full year results and in 2025, following our July trading update
- Investor site visits
- Regular dialogue and correspondence (e.g. in relation to policy matters)
- Engagement at the Company's AGM

Links to corporate pillars

Suppliers

Business engagement
- Centralised Group procurement 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 including 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 total value of goods. Total value considers 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 audits of the highest supply risks underpinned by a Supplier Relationship Management (SRM) system
- In-person visits to certain key overseas suppliers in higher-risk supply chains like China and India 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 supplier data, increasing supply chain transparency
- Engagement with NGOs, governmental institutions and ethical consultancies

Board engagement
- The Board receives regular updates on our engagement and relationships with key suppliers
- Supply chain 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 through regular updates from both the CEO and our business divisions
- Annual consideration and approval of our Modern Slavery Statement
- Reports on ethical sourcing to the ESG Steering Committee

Links to corporate pillars

Customers

Business engagement
- Ongoing engagement with our major customers, ensuring we continue to reflect their needs in how we operate. Focus during 2025 has been reconnecting with customers of our Landscaping business
- Engagement with a panel of our Accredited Installer scheme, seeking their feedback on behalf of their peers as we evolved and relaunched our installer scheme, ensuring it serves our mutual interests
- Our Chief Executive Officer has met with key customers throughout the year
- Research with housebuilder customers to better understand their challenges and requirements
- Customer satisfaction survey with merchants, contractors, installers and housebuilders, aimed at better understanding customer expectations
- 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
- Working with housebuilders to co-develop new products and support emerging construction methods
- Undertaking journey mapping to identify points of friction and deliver targeted service improvements

Board engagement
- The Board receives regular updates on commercial performance and customer engagement from the CEO and as part of regular updates from our business divisions
- The Board has visibility of key customer performance indicators
- Annual strategy days with members of the Board and our senior management team

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
- Regular communication across channels, supporting those employees working remotely and those without access to Company email, including the launch of our new intranet platform Buzz
- Participation in two Your Voice employee engagement surveys
- Delivery of Insights Discovery training by our internal facilitators as part of driving a high-performance culture
- Development, training and apprenticeship programmes (including recognition of study completion)
- Continuing to support leadership and talent development programmes throughout the business
- Working with the Institute of Leadership and Management (ILM) to gain accreditation of our manager development programme
- Marshalls Learning Zone platform now integrated throughout the Group
- Focus on positive safety culture, supported by health, safety and wellbeing policies and training programmes
- 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
- 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 with both our high-potential colleagues and other specific cohorts within the business, e.g. female engineers
- Reporting to the 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

- Implementation of new ESG reporting software, Envizi, to improve data accuracy and processes
- Approved Science Based Targets initiative carbon reduction targets, including net-zero by 2050
- Tree planting, biodiversity action plans and quarry restoration programmes
- Sites have a community liaison contact and host local community meetings, supported by internal procedures and complaint escalation process as part of our management systems
- Fundraising and food donations to our charity partner, The Trussell Trust
- Social value activity aligned with customer priorities
- Engagement with education providers on employability skills to support the next generation in the construction industry
- Product donations and employee volunteering
- Engagement with UN Global Compact Network UK working groups on modern slavery and sustainability reporting
- Gold member of Supply Chain Sustainability School
- Sponsored bricklaying training facilities to help address skilled labour shortages in the construction sector

Board engagement

- Through the ESG Committee, the Board is actively engaged with the Group’s ESG and sustainability strategy, including the monitoring 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 the 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, the Mineral Products Association and Ceramics UK
- Effective and clear policies against bribery and the elimination of modern slavery with training for colleagues and business partners
- Training for colleagues on anti-facilitation of tax evasion and fraud prevention
- Business-wide engagement on the preparation for the implementation of the Economic Crime and Transparency Act and associated Companies Act 2006 changes
- Refresh of our data protection framework

Board engagement

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

Leadership changes: Appointment of Simon Bourne as CEO

Multiple stakeholder considerations

Shareholders: Further leadership change was a significant event for the Group. Engagement with shareholders following the change was a critical part of rebuilding shareholder confidence, particularly in light of recent performance challenges. A structured and transparent communications plan ensured shareholders understood the rationale for the Board's decision to appoint Simon as CEO.

Suppliers: A strong and stable supply chain underpins strategic delivery. The Board took into account the need for leadership with deep understanding of supply chain operations and the ability to maintain balanced, mutually beneficial supplier relationships.

Customers: Given competitive pressures and evolving expectations, customer relationships were a core consideration, with a need to build on the work we have done reconnecting with Landscaping customers over the last year. Leadership that strengthens key relationships, is focused on delivering excellent customer experience and that responds to customer feedback was essential. Simon's previous role as Chief Commercial Officer put him at the centre of our customer engagement drive meaning continuity is assured under his leadership as CEO.

Colleagues: The Board assessed the impact on our culture and engagement, recognising that recent restructurings and market conditions have affected morale. Effective leadership was required to reinforce a high-performance culture and support colleague motivation and development. Simon's track record with the Group provides a platform from which we can rebuild engagement, support development and re-establish Marshalls as a great place to work.

Communities and the environment: The transformation Simon has overseen in our operations has contributed to our mission to lower the carbon intensity of our products and manufacturing. His transition to CEO will support progress with carbon and ESG leadership and the Group's broader sustainability commitments.

Government and regulatory bodies: The Board considered the importance of leadership that would maintain confidence in Marshalls' governance, support compliance and engage constructively on policy and regulatory developments.

Landscape improvement plan: Optimisation of the Landscaping network with the Group on track to deliver annualised savings of £11 million in 2026

Multiple stakeholder considerations

Shareholders: Performance improvement in our Landscaping business underpins shareholder confidence in the Board and the Group. This has been a consistent theme in our engagement with shareholders over the last year. Decisive, sometimes difficult, actions were taken at various points during the year to optimise performance of the division. Improving performance will help to rebuild confidence in our ability to create long-term shareholder value.

Suppliers: Engagement with our supply chain was necessary to understand the impact on our materials and logistics requirements across the network and to help strengthen our strategic supply partnerships.

Customers: Understanding customer needs is essential to improving our product and service proposition which, in turn, should deliver better margins and improved market share. Feedback from customers shaped targeted improvements in the Landscaping business, including manufacturing products as close as possible to where customers need them, reducing operational and logistics costs, which has resulted in early tangible results, including increased sales volumes in the division.

Colleagues: Early and transparent engagement with colleagues was critical given the significant people impact of the Landscaping improvement plan and our commitment to operating in The Marshalls Way. Capability assessments were aligned to the wider commercial plan for the division, ensuring our investment is focused on meeting current and future customer needs. Through the EVG, the sensitive manner in which this difficult situation was managed was acknowledged.

Communities and the environment: The impact of decisions on our sites and the communities in which they operate was part of our decision making processes, and the Board challenged the broader social and economic implications of the proposed changes, which were mitigated by responsible consultation and support for affected employees. A benefit of our network optimisation is reducing the distances over which our products travel to get to their end destinations, which could contribute towards our own and our customers' carbon reduction goals.

Government and regulatory bodies: The Board sought assurance that in delivering the Landscaping improvement plan the Group was honouring its legal obligations, particularly those relating to our colleagues.

Built for the Future

Turning ambition into practical action that helps our customers reduce carbon, build resilient spaces and make responsible choices.

Vanda Murray OBE
Chair

“On our road to net-zero by 2050, we continue to reduce our carbon footprint and I’m proud to say Marshalls has been named a European Climate Leader for the fourth time.”

Dear stakeholder

As I reflect on our ESG journey, it is clear that having a solid foundation, proven track record and clear action plans has been key to our progress in this area. While there have been changes and challenges, we remain focused on our intentions and the action required to deliver on our priorities.

Last year, I said our focus in 2025 was on ensuring the safety and wellbeing of our colleagues, reducing our environmental footprint and making a real impact to our communities – and that’s exactly what we’ve done.

Looking after our colleagues is a commitment that comes from the very top of the organisation, filtering down to every team member so we all take responsibility for each other. A great example of this is our new competency training framework to verify health and safety aspects for high-risk activities for which we’re finalists in the 2026 Mineral Products Association (MPA) Health & Safety Awards.

Early in 2026, we launched our new ESG framework, ‘Built for the Future’, strengthening our commitment to supporting skills in our industry and providing our customers with the product sustainability information they need. On our road to net-zero by 2050, we continue to reduce our carbon footprint and I’m proud to say Marshalls has been named a European Climate Leader for the fourth time.

Our journey continues and I look forward to sharing our progress with you.

ESG governance

We’re committed to making a material difference to the built environment. Built for the Future is our approach to sustainability, turning ambition into practical action that helps our customers reduce carbon, build resilient spaces and make responsible choices.

Underpinned by our ‘Transform & Grow’ strategy and 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), we drive our ESG strategy through ‘road to net-zero’, ‘skills and community’, and ‘trust and transparency’ pillars. Throughout this section, we will highlight where we are making a contribution to individual SDGs.

Our ESG strategy is led by our Chief Legal Officer and Company Secretary and delivered by the ESG delivery team with support from the ESG Steering Committee and oversight from the ESG Committee at Board level.

▶ ESG Committee Report page 90

Sustainability continued

Materiality assessment

Review process

Our 2025 ESG materiality matrix is based on the SASB Standards for Construction Materials and the UN SDGs, and it's aligned to our risk heatmap. We have put in place a documented materiality review process, with a full review every three years and a light touch review in the years in between.

2025 is the last year in the cycle for a light touch review, with a view to conducting a full review in 2026. The 2025 review 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 Materials
- 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
- Sign-off from the Board as part of Annual Report & Accounts approval
- Publication in Annual Report & Accounts

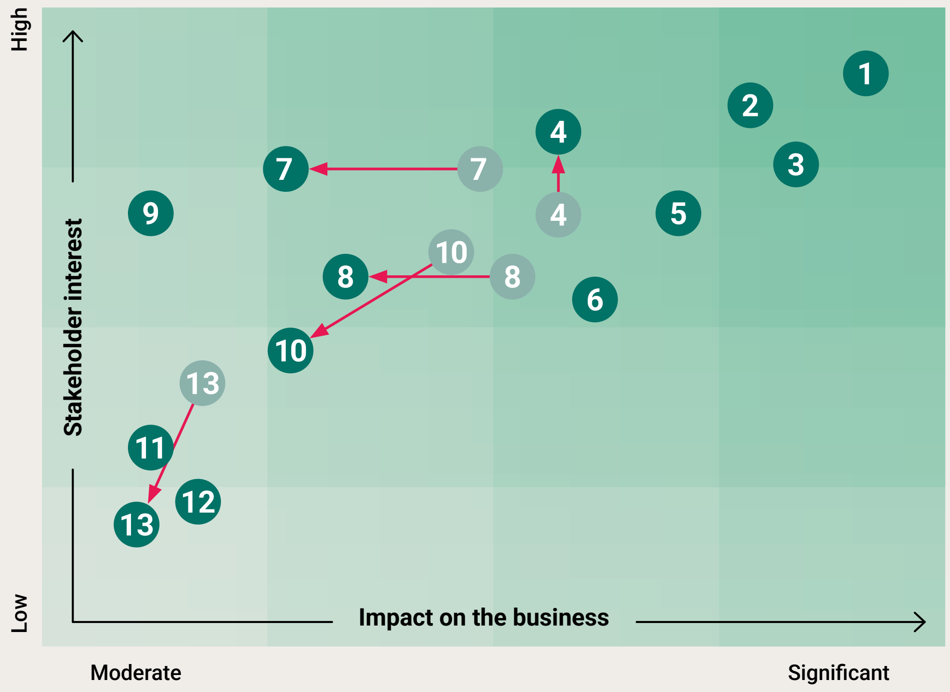
2025 review

The matrix we present here is a mitigated position and is aligned with our Risk Register.

Since our last review, a small number of changes have been made to continue to align with our 'Transform & Grow' strategy, as follows:

- Activity on 'diversity and inclusion' and 'talent and development' is part of our wider people strategy so they have been combined as 'talent and inclusion'
- 'Sustainable supply chain' has been renamed 'supply chain resilience', as this better reflects our updated work on climate-related risks
- In the same light, 'climate adaptation' has been renamed as 'operational resilience'
- Further internal activity on 'biodiversity management' means that our mitigated position has changed, even though it remains relevant to our business
- There has been no change in position for 'regulatory environment and reporting', as this continues to be a mitigated position based on short-term impact

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



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

Sustainability continued

SKILLS AND COMMUNITY

2025 highlights
- Two Group-wide employee surveys
- IOSH Managing Safely training programme
- Launch of Buzz intranet platform
- Increased percentage of female colleagues

2026 priorities
- Focus on positive safety culture through colleague engagement
- ILM accreditation of Ignite manager development programme
- Continued recruitment and development of early careers apprentices
- Social value programme

Sustainability isn't just environmental; it's also about people. Despite a challenging year, we continue to invest in skills, apprenticeships and communities to help us build a stronger industry. Through partnerships with training providers and charities, we aim to support the next generation and those entering the sector. This upholds the same commitment we have to our colleagues to make Marshalls a great place to work – a key enabling underpin of our 'Transform & Grow' strategy. This includes Buzz, our first Group-wide intranet platform introduced in 2025. Buzz brings the whole Marshalls Group together in one platform and enables us to be consistent with our messaging and reach everyone at the same time.

Leadership, talent and succession
- Leadership Academy
- Manager development programme
- Coaching and mentoring

Developing our colleagues to be the best they can be is a priority for us and we know that managers and leaders play a key role in building a culture where colleagues can thrive. As we move forward with our 'Transform & Grow' strategy, we continue to evolve our approach to leadership, talent and succession.

We are proud to be working with the Institute of Leadership and Management (ILM) to achieve accreditation for our Ignite manager development programme, which has been developed and delivered by our dedicated learning and development team to provide our managers with the skills and tools they need to perform at their best. In 2025, we complemented our approach with the delivery of 33 development sessions across the business, facilitated by our internal accredited Insights Discovery practitioners. With a focus on people managers, the sessions were rolled out to embrace a culture where we appreciate differences and diversity of thought, and work better together as a result.

Learning and development
- Apprenticeships
- Health and safety training
- Data Academy

We aim to build a learning culture that drives high performance, making Marshalls an even better place to work for our existing colleagues and in attracting future talent. This commitment is supported by our Learning and Development Policy, which ensures our colleague development principles and processes are consistent, fair and efficient.

In 2025, our Marshalls Learning Zone was introduced into Marley and Viridian Solar. This has enabled us to have a consistent and modern approach to delivery of learning. We continue to support our colleagues through our apprenticeship programme, by addressing key business needs and supporting early careers. By the end of 2025, we had 145 apprentices, including twelve new early careers engineering apprentices and a number of operations, commercial, IT and HR colleagues graduating from our Leadership Academy, Data Academy and Production Academy.

Colleague engagement
- Employee survey
- Employee Voice Group
- Toolbox talks and roadshows

Listening to what our colleagues think about working at Marshalls is important to us. In 2025, we ran two Group-wide Your Voice employee surveys to measure the key drivers of colleague engagement. Feedback from our colleagues enables us to build a picture of what's going well and what we should work on to make positive change so we can make Marshalls a great place to work.

The colleague voice is further supported by the Employee Voice Group (EVG), which meets quarterly and is made up of elected colleagues from different parts of the business, along with the Unite National Convenor. Meetings are chaired by our Chief People Officer and attended by members of the Board and Executive Team who rotate throughout the year. In 2025, four meetings were held with discussions ranging from strategy, health and safety, and corporate charity partnership to intranet implementation and Your Voice survey results and action.

Sustainability continued

SKILLS AND COMMUNITY CONTINUED

Social value and developing skills

Our approach to social value is focused on engaging with community and education projects. From our early careers engineering apprenticeships to the work we do with further education colleges, we engage directly with people who are building careers in the construction industry.

We have several engagement programmes in place with education providers, including Leeds College of Building, which includes donation of building materials for their construction courses and running mock interviews with bricklaying students to promote employability skills.

We also continue to support the National Housebuilding Council (NHBC) Tamworth Training Hub with donations of concrete bricks for their groundworker apprenticeship programme, and Marley has partnered with the School of Architecture, Design and the Built Environment at Nottingham Trent University to support and encourage the next generation of undergraduate architectural technologists.

Social value partnership with Morgan Sindall Construction

In 2025, Marshalls was chosen to join the Morgan Sindall Construction Responsible Business Charter. As a member of Morgan Sindall's North West supply chain family, we have joined the social value pilot initiative aimed at delivering measurable impact that benefits local communities, businesses and the North West region. This includes employee volunteering and partnerships with construction training providers.

> "Each day at Marshalls I'm feeling a bit more confident in every aspect of work. I'm shadowing experienced engineers and being taught key principles. I like working here and feel confident my knowledge of engineering will improve due to the continued support from Marshalls. I couldn't be more pleased with my decision to apply for an apprenticeship at Marshalls and am certain this was the best choice for me."

Max Pickles
Engineering Apprentice

During the year, we made over £80,000 of charitable, community and product donations, which are supporting local community projects including a primary school in Lancashire, a children's charity in Glasgow and a further education college in Gwent.

Our colleagues also engage in volunteering and in 2025 activities ranged from tree planting at our Howley Park quarry and conservation work with the City of Trees charity to supporting a number of different charities, including our charity partner for the last three years, The Trussell Trust. We extend our thanks to The Trussell Trust and wish them well in the great work they do to tackle food poverty in the UK. In 2026, we look forward to working with our new corporate charity partner, Building Heroes.

2,348
employees (2024: 2,435)

11 years
as a Living Wage employer

145
colleagues in apprenticeship programmes (2024: 168)

18%
women colleagues (2024: 17%)

28%
of women in leadership roles (2024: 34%)

£80,134
charitable, community and product donations (2024: £62,829)

Data reporting

The data we report represents the whole Group for the majority of metrics shown. Due to data collection limitations, disability and ethnicity data apply to the Marshalls business only. Women in leadership roles are senior leaders reporting directly into the Executive Team.

Gender split*

	2025	2024	2023
Male	82%	83%	84%
Female	18%	17%	16%

* 2025: male (1,934), female (414).

Disability

	2025	2024	2023
No disability	49%	50%	50%
Disability	2%	3%	3%
No disclosure	49%	47%	47%

Ethnicity

	2025	2024	2023
White British/White other	76%	78%	80%
Minority ethnic group (Asian, Black, mixed/multiple heritage or other minority ethnic groups)	6%	2%	2%
No disclosure	18%	20%	18%

Age

	2025	2024	2023
Aged under 30	13%	13%	11%
Aged 30–39	25%	25%	25%
Aged 40–49	23%	23%	22%
Aged 50–59	27%	27%	29%
Aged 60+	12%	12%	13%

LIVING WAGE EMPLOYER

Sustainability continued

SKILLS AND COMMUNITY CONTINUED

Health, safety and wellbeing

Marshalls continues to operate in an environment where the health, safety and wellbeing of our people are key priorities, through the use of strong governance and procedures. This is further supported by having clear objectives in place to demonstrate the progress we are making.

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

	2025	2024	2023
LTIFR (per million hours worked)	**1.54**	2.34	–
Group manufacturing/quarry sites with ISO 45001 for health and safety management	**85%**	85%	82%
Employee/contractor fatalities	**–**	–	–

Note: 2023 LTIFR not available due to full Group reporting starting in 2024.

Note: 2024 and 2025 ISO 45001 data is for the Group and not directly comparable to 2023.

The safety of our people matters

"Nothing we do is worth getting hurt for and that starts with the right behaviours – but those won't happen if we don't care enough to look after ourselves and our colleagues. This is why health and safety are everyone's responsibility. We can put in place rules and processes, and these are absolutely necessary, but they won't work if we don't take accountability by looking after ourselves and each other. Our focus is on empowering our colleagues to stop and think, by embracing a positive safety culture."

Simon Bourne
Chief Executive Officer

Strong performance

In 2025, we met our Group combined lost time injury frequency rate (LTIFR) target of 2.99, with an LTIFR of 1.54. 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 92 to 112.

The focus in 2025 has been to strengthen our positive safety culture by empowering our colleagues to look out for themselves and their colleagues. This has been further supported by the rollout of IOSH Managing Safely training and further progress on our high-risk activity programme. The concern reporting, safety conversations and incident modules in our Benchmark digital compliance management tool have been rolled out across the business. This provides us with live data, enabling us to manage the health and safety of our colleagues in a consistent way.

Priorities for 2026 include strengthening our controls around high-risk activities, improving our health and safety training and continued focus on safety culture through employee engagement.

Good catch – Small actions make a big difference

In 2025, we launched "Good catch: Small actions make a big difference" across our operations. This campaign was aimed at spotting risks early and stepping in before something goes wrong. The premise is that everyone at Marshalls is a safety champion and no matter your role, your actions count. This campaign is built on three ideas:

- We're all responsible for safety
- Small actions can prevent big accidents
- Sharing real stories helps us all learn and care

The campaign was supported by posters, toolbox talk guides and videos of colleagues relating their personal accounts of why it is vital to make safety part of what we do every day.

Sustainability continued

TRUST AND TRANSPARENCY

2025 highlights
- Creation of AI strategy and launch of Ethical Use of AI Policy and training
- Continued Fair Tax Mark accreditation and Living Wage employer
- Fraud prevention training programme

2026 priorities
- Code of Conduct refresh
- AI awareness and training programme
- Supplier engagement programmes for solar and stone

We believe how we do business matters as much as what we make. When it comes to responsible sourcing, we map suppliers, assess ethical risks, set expectations, support factory training programmes and share practical guidance so customers can make informed, trusted decisions.

Internally, we train teams to spot signs of modern slavery, and listen and act on their feedback through our EVG and colleague surveys. As a Living Wage employer since 2014 and holder of the Fair Tax Mark since 2015, we're committed to doing the right thing – consistently.

	2025	2024	2023
Group manufacturing/quarry sites with ISO 9001 for quality management	85%	85%	82%
Group manufacturing/quarry sites with ISO 14001 for environmental management	100%	100%	92%

Note: 2024 and 2025 data is for the entire Group and not directly comparable to 2023.

Compliance and training
Our compliance training modules are delivered annually and they cover modern slavery, anti-bribery and corruption, GDPR, non-facilitation of tax evasion, cyber security, sexual harassment and our Code of Conduct.

In preparation for the Economic Crime and Corporate Transparency Act, we developed and refined our internal procedures. We also rolled out training to help our colleagues feel more confident about spotting and stopping suspicious activity. In 2026, we will be further refining our Fraud Prevention Plan, which includes a review programme every two years or as and when needed.

Ethical use of AI
In 2025, we launched our AI strategy that balances managing risk and driving opportunity through responsible AI use. We followed up our Cyber Awareness Month with training on AI, which was rolled out to all digitally connected colleagues to communicate our new Ethical Use of AI Policy and to engage people on the risks and opportunities presented by using AI in the workplace.

2026 will see a programme of activity led by our CIO and AI Steering Committee focusing on strengthening internal controls and harnessing the value that AI can bring to our business.

Paying our fair share of tax
Since 2015, Marshalls has proudly displayed the Fair Tax Mark, which signifies that we pay the right amount of tax at the right time. This accreditation highlights our dedication to transparency and responsible business practices, reassuring stakeholders of our integrity.

Fair Tax® accredited

Fair Tax is integral to Marshalls because we're committed to being a responsible business. This commitment aligns with our participation in the UN Global Compact and our efforts to contribute to the UN SDGs.

Anti-bribery and corruption
Our Anti-Bribery Code sets out our definition of bribes and the different ways bribes can be evident in business. We have a Serious Concerns Policy which is based on our commitment to creating a working environment where everybody feels able to raise legitimate concerns about any wrongdoing without fear of criticism, discrimination or reprisal.

Since 2019, we have operated Safecall, our independent whistleblowing service, which enables any of our people, contractors, suppliers and other stakeholders to raise their concerns. Safecall is in place to enhance a culture of openness and to demonstrate that malpractice is taken seriously and dealt with at the highest level.

Sustainability continued

TRUST AND TRANSPARENCY CONTINUED

Supply chain due diligence

Having been a signatory to the United Nations Global Compact since 2009, we understand the importance of promoting and upholding ILO principles of fair and decent work, both in our operations and with our suppliers. We also understand the local factors behind labour exploitation, and that our approach needs to be adapted to the cultural, economic and social norms of the regions in which we do business.

We manage our supply chains through a detailed onboarding process, with an enhanced focus on higher-risk regions and sectors. Our Business and Human Rights Lead works closely with procurement teams across the Group to promote responsible sourcing and to understand risk for new and existing suppliers. This is achieved through a variety of activities, including desk research, independent ethical audits and supply chain mapping, as well as visits, interventions and supplier training. Where improvements need to be made, we issue corrective action plans. In the cases where suppliers fail to work to the required ethical standards, we explore alternative sourcing strategies.

As a UK manufacturer, the majority of our spend is with direct suppliers in the UK. As part of our accreditation as a Living Wage employer, we monitor the living wage across our UK locations, although our use of temporary labour is relatively low. In 2025, only 14% of our spend was with suppliers based overseas, and eight out of our top ten suppliers by spend were based in Europe.

We have identified three sectors as presenting a higher risk of human rights concerns: solar panels, natural stone and ceramics. In 2025, we made progress in all three categories, increasing the number of independent audits commissioned on the previous year. China, which accounted for our largest overseas spend, remained the focus of our ethical initiatives. We also continued to develop new strategies for India, our second largest overseas spending region, and audited a supplier in the Gulf region.

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

Solar supply chain mapping

In 2025, Viridian Solar continued to map its polysilicon supply chain, visiting silica mines and quarries for the first time, as well as purification and processing plants. This marked a significant milestone as we've now visited manufacturers in all eight layers of our polysilicon supply chain.

At each location, we've carried out ethical interviews and site tours, with the support of our direct suppliers. This has helped us start to build relationships and understand the local challenges. We plan to continue our visits to ultimately cover every polysilicon related supplier and will be promoting our standards as we go.

As a founding member of the Solar Stewardship Initiative (SSI), a pan-European industry collaboration promoting responsible sourcing for the solar sector, we continue to work towards SSI certification standards. In 2025, we started a joint collaboration with a direct supplier towards ESG certification with SSI.

Modern slavery awareness training in UK operations

In 2025, we rolled out modern slavery awareness training in online sessions for digitally connected colleagues, as well as new toolbox talks for those working in our manufacturing facilities. We also delivered tailored in-person sessions for site managers and senior leaders in our UK operations.

The training explored the workplace factors that contribute to worker exploitation. It also analysed case studies of events leading up to two major modern slavery prosecutions in the UK, where criminal gangs had infiltrated the supply chains in construction and food production. Discussion centred around signs and red flags to look out for in day-to-day operations as well as onboarding procedures. A similar presentation was made to our people team.

Sustainability continued

ROAD TO NET-ZERO

2025 highlights
- Scope 1 and 2 emissions under SBTi trajectory line for near-term goals
- Implementation of ESG reporting software
- Publication of our Carbon Reduction Plan
- Biodiversity action plan programme in place for all our extractive sites

2026 priorities
- Development of analytical capability of ESG reporting software
- EPD development programme
- Re-accreditation to ISO 14001 for Environmental Management

We're reducing emissions across our operations, products and supply chain, guided by SBTi-approved targets. From renewable energy and captured-carbon bricks to our lower-carbon concrete technology and widespread EPD coverage, we're making it easier for customers to specify lower-carbon solutions with confidence.

Net-zero by 2050
Our carbon reduction targets have been approved by the Science Based Targets initiative (SBTi). These targets are driving our activity and this is particularly important 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 to stand up to scrutiny. With approved science-based targets, we are clear that our near and long-term targets will enable us to reach net-zero by 2050.

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 2025) to measure GHG emissions.

Our work is underpinned by our Carbon and Climate Change Policy and two-thirds 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).

Overall net-zero target
Marshalls plc commits to reach net-zero GHG across the value chain by 2050.

Near-term targets
We commit to reduce absolute Scope 1 and 2 GHG emissions 50.5% by 2030 from a 2018 base year* and to reduce absolute Scope 3 GHG emissions 37.5% by 2033 from a 2018 base year*.

Long-term targets
We commit to reduce absolute Scope 1 and 2 GHG emissions 90% by 2040 from a 2018 base year and to reduce absolute Scope 3 GHG emissions 90% by 2050 from a 2018 base year*.

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

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 us:

- 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 statements, invoices, meter readings and third-party supplier data
- Scope 2 refers to our indirect emissions, which is the electricity we have purchased
- Scope 3 refers to all other emissions across our entire value chain

▶ Carbon Reduction Plan on marshalls.co.uk/sustainability

Progress against targets
Progress against our targets over a five-year period is reflected in the bar charts overleaf. The target line shown here is based on our science-based targets for the Group.

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 means this is not always linear. Our 2025 data is in line with expectations and our absolute emissions remain well within the approved 1.5°C science-based target pathway.

We use an intensity ratio in order to define emissions data in relation to our business and we report this as kg CO_2e per tonne of production. We report three years of intensity (relative) Scope 1 and 2 market based emissions data as Marshalls and Marley previously used different intensity ratios. These are now aligned.

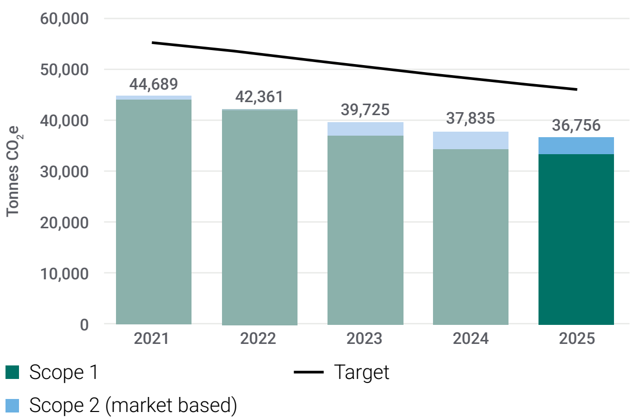
IBM Envizi software
With SBTi-approved targets firmly in place for the Group, we wanted to enhance our capability for measuring our emissions and improve the accuracy of our data. To help us stay on track with our net-zero by 2050 target, we started working with IBM in 2025 to integrate their ESG reporting platform, Envizi, into our systems. Moving from manual data capture to a more automated system was a natural step for us.

The Envizi platform will enable us to get a clear, real-time view of our carbon impacts at Group and site level. We will be able to track our progress, spot improvement opportunities and make faster, better-informed decisions. With more accurate data, we'll be in a stronger position to further reduce our environmental impact and ensure transparency for customers and stakeholders.

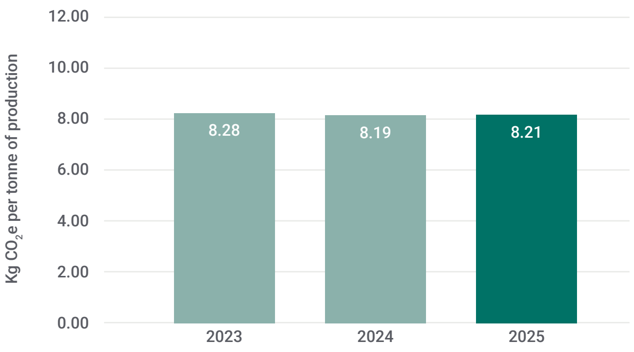
Sustainability continued

ROAD TO NET-ZERO CONTINUED

Marshalls Group absolute Scope 1 and 2 emissions



Marshalls Group relative Scope 1 and 2 emissions



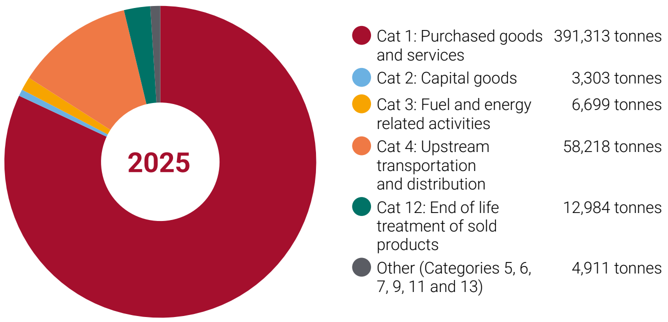
Restatement of information

We have historically reported our Scope 2 emissions as market based (using supplier emissions factors) and location based (using Government emissions factors). We are restating information for Scope 2 market-based emissions (2023 and 2024) due to a change in our source of electricity on commencement of Marley's new contract in 2023, which did not include green electricity. This resulted in an increase in our market-based emissions compared to the previously reported figures. As we report Scope 2 as a separate line item, we are restating this information for both absolute and relative emissions. We are also restating Scope 3 emissions for 2024 due to the improved accuracy of third-party supplier data (see page 47 for further details).

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

Group absolute Scope 3 emissions

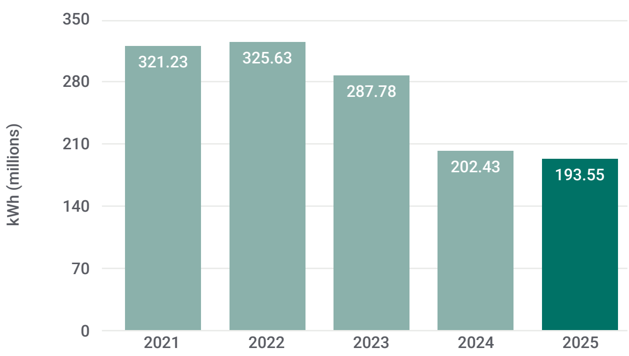
We continue to measure emissions for eleven out of the 15 Scope 3 categories – the remaining four categories are considered; however, they are not relevant for our business. Our emissions profile is shown in the pie chart below, with a clear majority of Scope 3 emissions coming from purchased goods and services. Our total Scope 3 footprint in 2025 was 477,428 tonnes – a 14% reduction on 2024 (2024 restatement: 554,118 tonnes).



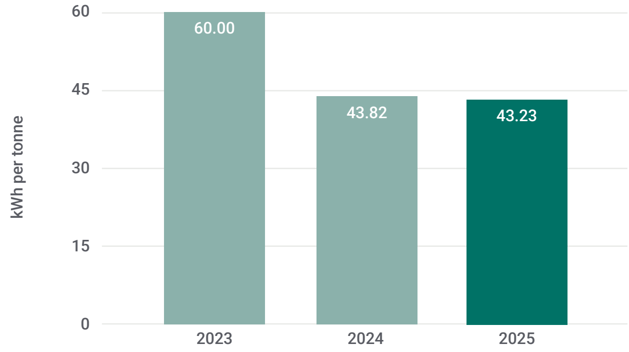
Streamlined Energy and Carbon Reporting (SECR)

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.

Group energy consumption



Relative energy consumption



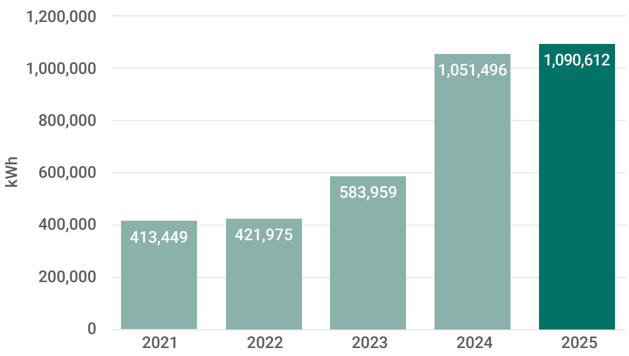
Sustainability continued

ROAD TO NET-ZERO CONTINUED

Approach to ESOS
Marshalls complies with the mandated Energy Savings Opportunity Scheme (ESOS) legislation which requires us to submit an assessment every four years, reviewing energy consumption across a representative selection of our buildings, processes and transport.

Under ESOS, organisations must carry out comprehensive energy audits in order to identify cost-effective, energy-saving measures. Through a combination of direct site observations and supplier-based data, we identify and categorise opportunities to save energy, carbon and cost. As part of our compliance with ESOS, we track our identified and completed opportunities and submit these as action plans and progress reports to the Environment Agency at the end of every year. Our ESOS assessments are carried out and verified by a certified, external ESOS lead assessor prior to submission. Our last assessment was submitted in 2023 and our next assessment will take place in 2027.

Group self-generated energy from renewables



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

Energy reduction
Our net-zero target to 2050 is driving our carbon reduction journey. While we continue to focus on the actions needed to reduce emissions that cause climate change, we also work towards managing the risks of climate change impacts. We do this by continuing to work towards our science-based targets through energy reduction, manufacturing efficiencies, product mix design and better use of technology to drive efficient decision making.

The main focus for 2025 has been the implementation of our IBM Envizi ESG reporting software. This has involved a number of internal and external stakeholders, working together to enable us to be more automated and better informed about our energy consumption. Data quality is key and we work with our Energy Champions who drive energy efficiency and improvement at our manufacturing sites.

As we continue on our journey, we're rolling out several projects to reduce our environmental impact, including continuing to engineer high-emissions fuels out of the business, increasing collaboration and innovation with key supply chain partners, and moving from diesel forklifts to electric and LPG-powered models.

▶ **Carbon Reduction Plan marshalls.co.uk/sustainability/document-library**

Waste
We're committed to driving circular approaches. We measure and monitor waste performance and have a set target to achieve zero waste to landfill by 2030. We work with our sites and suppliers to identify and implement circular economy initiatives and undertake regular waste audits to help improve waste management. In 2025, the absolute waste total decreased and the percentage sent to landfill slightly increased from 0.13% in 2024 to 0.19% in 2025. The calculation for the percentage of waste going off-site does not currently include hazardous waste or waste used for restoration on Marshalls sites. Restoration waste, such as waste concrete and stone rejects, fulfils our obligations within planning consents to restore our quarries.

Packaging
Over many years, we have conducted trials to remove plastic from our packaging where we can, whilst maintaining the safety and integrity of the product for our customers. We've also looked to reduce the thickness of the plastic we use in our packaging where it can't be removed safely. One example of our approach to circularity is our wooden pallets. We work with different recovery services that collect any Marshalls or Marley branded pallets free of charge. Those pallets go to a repair hub, which allows them to be repaired, repatriated and then delivered back into our manufacturing plants.

Water
We use water at our sites for hygiene, for washing our site vehicles and in some of our manufacturing processes. Many of our sites harvest and recycle water, and we use quarry water and boreholes to minimise mains water use, where appropriate in our operations. We use World Resources Institute (WRI) data to identify areas of water stress. Based on this data, we have assessed that we have one manufacturing site in an area of high water stress in Beenham, Berkshire.

Biodiversity
Our approach to biodiversity is to use a process to assess, prioritise, measure, act and track progress, linking into the Taskforce on Nature-related Financial Disclosures (TNFD) framework to guide our thinking on dependencies, impacts, risks and opportunities. We have classified all our sites using a tier system in order to prioritise activity and developed a roadmap for these activities. Working with the Royal Society for the Protection of Birds (RSPB), we continued to work on our target to have biodiversity action plans in place for all extractive sites, with a limited number of sites to be completed in 2026. We were proud to be awarded a Special Commendation by the MPA Quarries and Nature Awards 2025 for the imaginative integration of geology, nature conservation and interpretation at our Birkhams quarry.

▶ **ESG data sheet marshalls.co.uk/sustainability/document-library**

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 2025 TCFD and CFD disclosure. We continue to evolve our disclosures in a phased approach and we comply with all eleven recommended TCFD disclosures and all the CFD expected disclosures.

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 42	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 42	
2. Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 44 to 46	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 44 to 46	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 43	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.	Page 43	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.	Pages 43 and 44	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 44	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 44 to 46	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 39	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 44 to 47	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 activity in 2025

Oversight

- Regular monitoring of our progress against our approved science-based targets
- Update to the Board ESG Committee and ESG Steering Committee on approach to climate-related risks and opportunities
- Review of climate metrics for remuneration

Strategy

- Publication of our Carbon Reduction Plan
- Update of ESG reporting plan further to potential introduction of International Sustainability Standards Board (ISSB) in the UK
- Review of ESG strategy to align activity on carbon leadership

Management

- Review and consolidation of our climate-related risks as part of the work of our internal Climate Disclosures Working Group (CDWG)
- Initial internal controls testing for ESG
- Integration of management of climate-related risks with site-level activity and management systems

Metrics and targets

- Review of metrics and KPIs in line with 'Transform & Grow' strategy
- Review of ESG data for reporting approach
- Implementation of carbon accounting and ESG software solution

Governance

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

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. Board oversight is through the ESG Board Committee, with support from the ESG Steering Committee.

The ESG Board Committee met three times in 2025 and is due to meet three times in 2026. Each year, the ESG Board Committee is briefed by the Chief Legal Officer and Company Secretary on climate-related matters and ESG/climate reporting developments.

▶ ESG Committee Report page 90

Review of carbon reduction remuneration moderator

In 2025, a review was undertaken by the Board to decide on the best way to link environmental targets to remuneration. The decision was taken to base the remuneration moderator on the delivery of agreed decarbonisation projects that form part of our net-zero roadmap.

▶ Remuneration Committee Report page 92

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 2025, the ESG Steering Committee held five meetings – chaired by the Chief Legal Officer and Company Secretary and attended by the Chief Executive, CFO, CCO and the ESG delivery team, as permanent members
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: ESG update in Annual Report
- **Group Risk Register:** Managed by the CFO and with input from senior leaders, the Risk Register incorporates climate change in different risks. 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:** 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 2025, the group reviewed and ranked climate-related risks in order to begin the process of classifying risks based on financial impact to the business
Key output: Climate-related risks in TCFD disclosure
- **Sustainability team:** This team has the overall responsibility to manage and monitor climate-related issues operationally, including delivering on science-based targets for carbon reduction and energy performance at site level, and implementation of new ESG reporting software
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), and Energy Champions (monitoring of progress against targets at site)

***2026 focus:* Embedding of IBM Envizi ESG reporting software for improved accuracy**

Evolution of reporting

In 2025, we took the decision to consolidate our sustainability reporting. This decision was taken as preparation for the adoption by the UK Government of the ISSB Sustainability Disclosure Standards (SDS) as part of the UK Sustainability Reporting Standards (SRS), where all material information needs to be published in the Annual Report & Accounts. Our disclosure is supported by our Carbon Reduction Plan, Basis for Reporting Guide, and ESG data sheet – all are available on our website.

Task Force on Climate-related Financial Disclosures continued

Strategy

***2025 progress:** Refinement of our carbon reduction roadmap and addition of first-hand data to scenario analysis*

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 towards 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.

Management of climate-related risks at site

In 2025, we fully incorporated climate-related risks into our management systems. Climate change risk considerations are now included in all site management systems for international standards. This has been complemented by a qualitative process of gathering observational first-party data from eleven key operational sites.

Scenario analysis

When assessing the use of climate scenarios, we continue to take a phased approach. Using data and research from external sources including the Environment Agency and WRI Aqueduct, we identified a risk calculation based on risk exposure and the impact of relevant future scenarios: SSP1 (Sustainable Future) and SSP5 (Fossil Fuelled Development). These scenarios were chosen as they give an indication of how key risks may change along very 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 the potential impact of increased physical risks.

Scenarios

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

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

As outlined last year, we further refined our approach in 2025 by adding first-party data to our analysis of physical risk. The focus remained on key operational sites (identified by production tonnage and significance to the Group). Qualitative data was collected from site managers to add another layer of analysis in order to extend our understanding of key physical site risk.

For our UK key operational sites, longer-term risk centres around flooding and temperature increase (though not for all sites). The approach taken to analyse site physical risk and the application of scenario analysis has been reviewed in 2025 but not changed. Our plan at this stage is to analyse physical site risk every three to four years (review due in 2026–2027) and review first-hand data every three years (review due in 2028).

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 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 continue to be refined moving forward.

***2026 focus:** Refine analysis of physical site risk based on revised time horizons*

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

Resilience and impact on Financial Statements

Our carbon reduction roadmap is based on our 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 the 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. 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 pages 44 and 45 have been considered and assessed in preparation of the Consolidated Financial Statements for the year ended 31 December 2025. We assess that there is no significant short-term impact on financial planning or forecasting or capital commitments. This is based on our risk heatmap, internal Risk Register and climate-related risk management processes.

There continues to be no current financial reporting impact of the net-zero announcement in 2024; however, we are mindful of the changing nature of climate-related risks and the potential for impact on Financial Statements in the future.

Task Force on Climate-related Financial Disclosures continued

Risk

***2025 progress:* Review of risks and time horizons based on simplification of process**

We have formal ongoing processes to identify, assess and analyse risks and these are integrated into the Group Risk Register. Climate risks are considered separately to the risk heatmap (see page 53) as the assessment is run on a different cycle.

The way in which we approach climate-related risk is different to our approach to overall risk. We look at climate-related risk through a different lens and scoring methodology and use different time horizons.

▶ Risk heatmap page 53

Review of time horizons

In 2025, we reviewed the time horizons used to identify climate-related risks. This was prompted by an internal assessment that the time horizons we had originally set out at the start of our climate-related risk reporting journey were no longer appropriate. Our understanding and maturity levels in this area are growing and therefore are dictating a realistic approach. This assessment was taken to the CDWG in 2025 and the group agreed to shift our time horizons a little more towards the future to better reflect the potential longer-term impacts of climate change on our business.

Our new time horizons: short-term (0–3 years), medium-term (4–10 years) and long-term (10+ years).

***2026 focus:* Development of financial modelling based on scenario analysis and net-zero roadmap**

Key climate-related risks

As previously stated, we have reviewed the time horizons by which we identify and assess climate-related risks: short-term (0–3 years), medium-term (4–10 years) and long-term (10+ years). 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.

In 2025, we reviewed our climate-related risks. This process was led by the CDWG which met three times in the year to discuss climate disclosure sign-off, review and ranking of climate-related risks, and review of time horizons. The review process involved engagement with a number of different teams in the business, with alignment with the Risk Register process, and was driven by the evolution of our approach to the climate change risk assessment and our future intention around the financial quantification of climate-related risk. Our review identified three priority key risks relating to supply chain resilience, regulatory and market transition risk and physical site risk. While we now have three risks instead of five, the key categories of market, policy and legal, reputation, technology, and physical risk remain covered by these three key risks. We have expanded our narrative of the risks and mitigations to better explain our position. Our assessment of the current potential impact is based on a short-term mitigated position.

Technological advancement is not specifically mentioned here; however, we have amalgamated this risk into our overall approach as it is a key driver and enabler for our 'Transform & Grow' strategy.

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 reporting processes further develop.

Risk, type, category and timeframe	Explanation, mitigation and metric	Potential impact
Supply chain resilience Transition risk (market, technology): medium to long term	**Risk**: Given our reliance on raw materials and the potential impact of the climate on operations and supply chains, this is a very tangible risk for Marshalls. The key risk is around the availability of materials, both for cement and replacement materials, due to fluctuations in price and accessibility. This necessitates flexibility in our manufacturing processes and the need for appropriate use of technology as we continue to explore the use of alternative materials. In the longer term, there is also a risk attached to the decarbonisation of the business on our road to net-zero which includes the potential impact of fluctuating prices on energy and haulage. **Mitigation:** 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, which helps to mitigate some of the risk on fluctuating pricing and availability. This is further supported by materials research and development and research into technological advancement in materials and processes, including cement-free and alternative fuels for vehicles and manufacturing. Our new ESG reporting software, Envizi, also enables us to pinpoint energy-saving opportunities. **2025 metrics:** *Manufacturing site energy use (internal), difference between price of standard cement and lower-carbon alternatives (external)* **Potential impact on the business, strategy and financial planning:** *Disruption to supply and price of materials. Our strategy continues to focus on lower-carbon solutions and we have several projects that enable us to mitigate, including cement replacement and new product innovation. In the medium to long term, impact may be around increased fluctuation of price of materials and energy prices, and the resulting financial implication.*	**Current: low** SSP1: increased risk SSP5: reduced risk but increased need for adaptation

Task Force on Climate-related Financial Disclosures continued

Risk continued

Key climate-related risks continued

Risk, type, category and timeframe	Explanation, mitigation and metric	Potential impact
Regulatory and market Transition risk (market, technology, policy and legal, reputation): medium to long term	**Risk**: As decarbonisation accelerates and consumer demand shifts, there will be impact on regulation and changes in legislation, for example carbon pricing or stricter emissions standards, alongside the shift in market demand towards lower-carbon product solutions and adaptation. Our 'Transform & Grow' strategy is clear on the importance of providing lower-carbon product solutions for our customers and this is a focus for Marshalls moving forward. **Mitigation:** We mitigate this risk by having internal processes for product development and manufacturing processes, specialist design and engineering capability, and development of Environmental Product Declarations (EPDs), along with our approved science-based targets on which our net-zero roadmap is based and therefore our carbon reduction activities. This is supported by close collaboration between internal teams of sustainability subject matter experts, ESG reporting compliance plan, implementation of ESG reporting software for transparency, horizon scanning, and engagement with external bodies. **2025 metrics:** *EPD coverage across product range (internal), 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 Emissions Trading Scheme (ETS), and UK Carbon Border Adjustment Mechanism (CBAM) coming into force in the medium term. Supplier readiness may be a risk if they are not ready for regulatory changes. 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: reduced risk but increased physical risk
Physical site risk Physical risk (acute): medium to long term Physical risk (chronic): long term	**Risk:** Acute physical risk of extreme weather events, such as flooding and heavy winds, and chronic physical risk of longer-term changes in weather patterns that may cause heat or water stress may impact our own sites in the UK and our overseas supply chain. **Mitigation:** Our work to mitigate the impact of physical climate risk continues to focus on our own sites, with site-level climate risk analysis which includes the use of internal and external data, flooding mitigation activities at site, and stakeholder engagement. **2025 metric:** *Cost of lost production 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 investment for higher-risk sites. There may be longer-term weather impact on sales and impact on financial planning if any sites experience major changes in flooding or other climate-related events.*	**Current: low** SSP1: decreased risk SSP5: increased risk

Task Force on Climate-related Financial Disclosures continued

Risk continued

Climate-related opportunities

Sustainability is increasingly a driver of commercial advantage for Marshalls. The markets we serve are increasingly influenced by long-term structural growth drivers associated with climate change. Demand for lower-carbon construction materials, green urbanisation and resilient water management continues to accelerate across residential, commercial and infrastructure sectors. Our 'Transform & Grow' strategy is aligned to these drivers.

Underpinning these opportunities is the Marshalls brand, which is strongly supported by our ESG and sustainability credentials – giving us an opportunity to strengthen our position in order to be an attractive investment proposition. From a heritage in landscaping to an increasingly diversified group of businesses, Marshalls continues to evolve. Whether it's our integrated solar roofing system or our lower-carbon concrete bricks, our innovative rain garden kerbs or our water management and drainage systems, we provide sustainable product solutions.

Resource efficiency – Energy source – Products and services – Markets – Resilience

Decarbonising the built environment

We are progressing towards our carbon reduction targets while strengthening our competitive position in carbon-sensitive specifications. Resource efficiency is key and we continue to look at different ways to reduce our environmental impact. The majority of our core product range is supported by verified EPDs, enabling customers to make informed material choices in projects where embodied carbon is a critical factor. Having implemented a new energy management system and invested in a new ESG reporting data platform means we are also improving the accuracy of our data. There is an opportunity here to more accurately measure and report our carbon footprint data, especially relating to Scope 3 emissions.

Product focus: Innovation in lower-carbon concrete bricks, solar roofing systems and material efficiency supports growing demand for reduced embodied carbon in buildings.

Headline metric example: *Coverage of EPDs across our product range*

Adapting to a changing climate

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. As cities adapt to climate pressures and density challenges, integrated landscaping and roofing systems play a critical role in improving energy efficiency and biodiversity. Our portfolio supports greener, more resilient urban environments while meeting evolving planning and regulatory requirements. These structural growth drivers present a multi-year opportunity for Marshalls, supported by our portfolio of leading brands, technical capability and system-based solutions.

Product focus: Increasing rainfall intensity and flood risk are driving infrastructure investment in surface water management. Our Water Management division continues to secure major project specifications by delivering engineered solutions that address flood resilience, regulatory compliance and long-term durability.

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

Potential impact: Brand preference, increased product sales, reduced costs from efficiencies, reputation, investment proposition, business unit and project synergies, opportunities across the value chain

Task Force on Climate-related Financial Disclosures continued

Metrics and targets

***2025 progress:** Implementation of new ESG reporting software*

The metrics we use to assess climate-related risks and opportunities are detailed on pages 44 to 45. As our climate strategy centres on achieving our approved Scope 1, 2, 3 and net-zero science-based targets, we also use metrics to measure absolute and relative emissions (see page 39).

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, the potential use of hydrogen. We continue to engage with our suppliers and refine our roadmap in order to stay on track with our targets.

As we set out last year, our focus during 2025 was to put in place the processes required to collect appropriate data and begin the implementation of new ESG reporting software. The implementation is on track and our 2025 data has been generated by our IBM Envizi platform.

***2026 focus:** Further refine net-zero roadmap*

Targets

Our targets are outlined here in order to give an overview of the metrics we have tracked to measure our environmental performance. The quantification and reporting of our carbon, energy, water and waste data has been independently verified by BSI (except Scope 3). The verification activity has been carried out in accordance with ISO 14016:2020.

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

Targets	Target type	Target year	Status
50.5% reduction of absolute Scope 1 and 2 emissions against a 2018 baseline (tonnes CO_2e)	Absolute	2030	On track 80% of the way to 2030 target
37.5% reduction of absolute Scope 3 emissions against a 2018 baseline (tonnes CO_2e)	Absolute	2033	On track 92% of the way to 2033 target
Zero waste to landfill	Absolute	2030	On target

Emissions data (tonnes CO_2e)

As stated on page 39, we are restating information for Scope 2 market-based emissions for 2023 and 2024. This restatement only materially affects the Marley Scope 2 market based performance and therefore has no impact on the 2023 and 2024 links to remuneration as these were for the Marshalls business only. We also restate Scope 3 for 2024 due to improved accuracy of third-party supplier data.

We also reported last year that we had to adjust our Scope 1 and 2 Group total emissions to align with our science-based targets, taking into consideration the move of our logistics to Wincanton (and therefore from Scope 1 to Scope 3), and to enable like-for-like comparison year-on-year.

	2023 reported	2023 restatement	2024 reported	2024 restatement	**2025**
Total Group Scope 1	36,470	–	32,678	–	**31,336**
Total Group Scope 2 (market based)	2,590	3,255	3,237	5,157	**5,420**
Total Group Scope 2 (location based)	9,932	–	9,476	–	**7,943**
Total Group Scope 1 and 2 (market based)	39,060	39,725	35,915	37,835	**36,756**
Total Group Scope 1 and 2 (location based)	46,402	–	42,154	–	**39,279**
Scope 3 Cat 1: Purchased goods and services	–	–	436,799	437,088	**391,313**
Scope 3 Cat 2: Capital goods	–	–	7,988	7,969	**3,303**
Scope 3 Cat 3: Fuel and energy related activities	–	–	10,489	8,367	**6,699**
Scope 3 Cat 4: Upstream transportation and distribution	–	–	78,366	89,280	**58,218**
Scope 3 Cat 12: End of life treatment of sold products	–	–	9,706	9,715	**12,984**
Scope 3 other categories (5, 6, 7, 9, 11, 13)	–	–	2,671	1,699	**4,911**
Total Scope 3	–	–	546,019	554,118	**477,428**

Financial Review

Justin Lockwood
Chief Financial Officer

Summary

- Group revenue growth of 2%: Building and Roofing Products delivered growth of 4% partially offset by a modest contraction in Landscaping Products
- Adjusted operating profit contracted by 15% driven principally by a weaker performance in Landscaping Products
- Earnings per share reduced by 16% due to weaker operating profit, partially offset by a lower tax rate
- Cash conversion robust at 88% of EBITDA reflecting strong working capital management
- Balance Sheet robust with leverage of 1.8 times and debt facility extended to November 2029

We strengthened our funding position during 2025 through a new four-year £270 million syndicated banking facility with no change in commercial terms.

Introduction

The Group returned to revenue growth in 2025 led by Building and Roofing Products and supported by a much-improved revenue performance by Landscaping Products. However, adjusted operating profit was impacted by a materially weaker performance in Landscaping Products. In response to this performance, we accelerated our network optimisation plans to allow us to deliver our national specification-driven model in a more cost-effective way. These actions are expected to underpin an improved financial performance in 2026. The lower adjusted operating profit fed through into a reduction in adjusted earnings per share of 16%, with a modest benefit from lower finance costs. Adjusted profit before tax of £43.7 million (2024: £52.2 million) included adjusting items totalling £26.0 million and details of these are set out on page 135. Operating cash flow conversion remained robust at 88% of EBITDA due to strong working capital management. We were also pleased to refinance the Group's syndicated bank facility well ahead of its maturity date with unchanged commercial terms, which extended this medium-term source of capital to November 2029. The Balance Sheet continues to be robust with pre-IFRS 16 net debt marginally higher year-on-year at £137.9 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 2025 was £632.1 million (2024: £619.2 million), which represents a year-on-year increase of 2%. Group revenue by reporting segment is summarised below.

Analysis of revenue by segment	2025 £'m	2024 £'m	Change %
Landscaping Products	**265.8**	268.3	(1%)
Building Products	**172.0**	164.6	4%
Roofing Products	**194.3**	186.3	4%
Group revenue	**632.1**	619.2	2%

Adjusted operating profit and margins

Adjusted operating profit reduced by 15% to £56.4 million (2024: £66.7 million), which reflected weaker profitability in Landscaping Products due to investment in rebuilding market share and unrecovered input cost increases. In response and alongside our strategy of improving customer relationships, we accelerated our network optimisation plans and expect to remove around £11 million from the cost base by the end of 2026, with around £3 million of this being realised in 2025. 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 20 to 22.

Analysis of adjusted operating profit by segment	2025 £'m	2024 £'m	Change %
Landscaping Products	**0.6**	10.7	(94%)
Building Products	**13.0**	14.1	(8%)
Roofing Products	**50.2**	49.4	2%
Central costs	**(7.4)**	(7.5)	1%
Adjusted operating profit	**56.4**	66.7	(15%)

Financial Review continued

Trading performance continued

Adjusted operating profit and margins continued

The Group's adjusted operating margin decreased by 1.9 percentage points to 8.9% (2024: 10.8%), which reflects the weak performance in Landscaping Products and a modest reduction in Building Products. This reduction is summarised as follows.

Analysis of revenue by segment	Revenue £'m	Adjusted operating profit £'m	Margin impact %
2024	619.2	66.7	10.8%
Landscaping Products	(2.5)	(10.1)	(1.6%)
Building Products	7.4	(1.1)	(0.3%)
Roofing Products	8.0	0.8	–
Central costs	–	0.1	–
2025	**632.1**	**56.4**	**8.9%**

Adjusting items

Adjusted operating profit is stated after adding back adjusting items totalling £24.4 million (2024: £12.8 million) in accordance with the Group's accounting policy, as summarised in the following table.

	2025 £'m	2024 £'m
Amortisation of intangible assets arising on acquisitions	**10.3**	10.4
Redundancy and similar costs	**9.6**	–
Impairment of property, plant and equipment	**4.5**	–
Transformation cost	**–**	2.5
Contingent consideration	**–**	1.6
Significant property sales	**–**	(1.7)
Adjusting items within operating profit	**24.4**	12.8
Adjusting items within net finance expenses	**1.6**	–
Adjusting items within profit before tax	**26.0**	12.8

Adjusting items in 2025 comprise the non-cash amortisation of intangible assets arising on the acquisition of subsidiary undertakings of £10.3 million (2024: £10.4 million) and restructuring and impairment charges of £14.1 million (2024: £nil) arising from a partial site closure and other actions. The adjusting item in net financial expenses of £1.6 million related to a write-off of unamortised bank arrangement fees consequent to the renewal of the Group's banking facilities. Details of the adjusting items arising in 2025 are set out at page 135.

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 2025 £'m	Reported 2025 £'m	Adjusted 2024 £'m	Reported 2024 £'m	Adjusted change %	Reported change %
Operating profit	**56.4**	**32.0**	66.7	53.9	(15%)	40%
Net finance costs	**(12.7)**	**(14.3)**	(14.5)	(14.5)	12%	1%
Profit before taxation	**43.7**	**17.7**	52.2	39.4	(16%)	(55%)
Taxation	**(9.7)**	**(3.3)**	(11.7)	(8.4)	17%	61%
Profit after taxation	**34.0**	**14.4**	40.5	31.0	(16%)	(54%)
Earnings per share – pence	**13.4p**	**5.7p**	16.0p	12.3p	(16%)	(54%)

Net finance costs

Adjusted net finance expenses were £12.7 million (2024: £14.5 million). These expenses comprised financing costs associated with the Group's bank borrowings of £11.3 million (2024: £12.5 million), IFRS 16 lease interest of £2.0 million (2024: £1.7 million) and a pension-related credit of £0.6 million (2024: £0.3 million charge). The reduction in adjusted net finance expenses in 2025 reflects the impact of lower base rates and a net benefit from pension interest.

Taxation

The adjusted effective tax rate was 22% (2024: 22%), 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 19%. The Group paid £9.0 million (2024: £8.8 million) of corporation tax during the year.

For the twelfth 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 in the UK economy of £107 million (2024: £103 million).

Earnings per share

Basic earnings per share after adding back adjusting items of 13.4 pence (2024: 16.0 pence) per share is calculated by dividing the adjusted profit attributable to Ordinary Shareholders for the financial year of £34.0 million (2024: £40.5 million) by the weighted average number of shares in issue during the period of 252,868,921 (2024: 252,807,833).

Basic earnings per share from total operations of 5.7 pence (2024: 12.3 pence) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial year, of £14.4 million (2024: £31.0 million) by the weighted average number of shares in issue during the period of 252,868,921 (2024: 252,807,833).

Financial Review continued

Cash flow

The Board has continued to focus on the proactive management of cash given a challenging market backdrop.

	2025 £'m	2024 £'m
Adjusted operating profit	**56.4**	66.7
Depreciation and amortisation	**28.6**	31.1
Adjusted working capital and other movements	**(10.1)**	5.9
Adjusted cash generated from operations	**74.9**	103.7
Net finance expenses	**(16.1)**	(11.7)
Taxation	**(9.0)**	(8.8)
Adjusted items paid – acquisition cash flows	**(6.6)**	–
Other adjusting items paid	**(4.3)**	(6.4)
Net cash flow from operating activities	**38.9**	76.8
Dividends	**(19.2)**	(21.0)
Net capital expenditure and acquisition of property through corporate structure	**(15.7)**	(9.8)
Derecognition of leases	**–**	24.4
Other items	**(11.7)**	(22.1)
Change in net debt	**(7.7)**	48.3
Opening net debt	**(169.3)**	(217.6)
Closing net debt	**(177.0)**	(169.3)

Operating cash flow conversion in 2025 was 88% of adjusted EBITDA (2024: 106%), which demonstrates the consistently strong cash generative nature of the Group's businesses. The proactive management of working capital and capital expenditure supported continued strong cash generation; however, adjusted pre-IFRS 16 net debt increased by £4.0 million to £137.9 million at 31 December 2025 (2024: £133.9 million). The year-on-year movement principally reflects lower EBITDA, larger finance cost payments, and higher working capital. Net debt was also impacted by increased capital expenditure and cash outflows associated with adjusting items, including restructuring cash costs and the final contingent consideration payment in respect of Viridian Solar.

In November 2025, the Group successfully refinanced its core banking facilities with a new £270 million syndicated facility, extending the maturity profile. At 31 December 2025, the Group had significant available headroom against committed facilities (including an undrawn revolving credit facility of £125 million), providing capacity to fund strategic and operational plans. Adjusted pre-IFRS 16 net debt to EBITDA was 1.8 times (2024: 1.5 times) and the Group remained comfortably compliant with all covenant requirements at the year end.

Balance Sheet

Total capital employed at December 2025 was £832.7 million, which represents a year-on-year increase of £2.1 million. The movement reflects the settlement of the final Viridian Solar contingent consideration payments of £6.6 million and a higher investment in working capital. Net working capital increased by £12.5 million, principally due to a reduction in trade and other payables. This was mitigated by modest reductions in inventories and trade and other receivables reflecting continued discipline in cash collection which reduced debtor days and a reduction of inventories held by Landscaping Products. Offsetting movements included the amortisation of acquired intangibles and a reduction in property, plant and equipment consistent with lower capital expenditure.

	2025 £'m	2024 £'m
Goodwill	**324.4**	324.4
Intangible assets	**206.0**	217.8
Property, plant and equipment and right-of-use assets	**262.6**	267.2
Net working capital	**99.4**	86.9
Net pension asset	**24.9**	24.1
Deferred tax	**(78.4)**	(81.6)
Other net balances	**(6.2)**	(8.2)
Total capital employed	**832.7**	830.6
Reported net debt	**(177.0)**	(169.3)
Net assets	**655.7**	661.3

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 2025 and this did not indicate an impairment of the asset. Details of this review are set out on pages 131 and 138 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 2025 totalled £12.3 million, and of this £10.3 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 £24.9 million (2024: £24.1 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 2025 was £225.8 million (2024: £228.3 million) and the present value of the scheme liabilities is £200.9 million (2024: £204.2 million). The total gain recorded in the Statement of Comprehensive Income net of deferred taxation was £0.1 million (2024: £10.0 million). The last formal actuarial valuation of the defined benefit pension scheme was undertaken on 5 April 2024 and resulted in a surplus of approximately £15 million, on a technical provisions basis, which was a funding level of 107%. The Company has agreed with the Trustee that no cash contributions are payable under the current funding and recovery plan. The next actuarial valuation will be undertaken as at 5 April 2027.

Financial Review continued

Debt funding

Debt funding is summarised in the following table.

	2025 £'m	2024 £'m
Net borrowings on a pre-IFRS 16 basis	**(137.9)**	(133.9)
Leases	**(39.1)**	(35.4)
Reported net debt	**(177.0)**	(169.3)

Reported net debt was £177.0 million at 31 December 2025 (2024: £169.3 million), including £39.1 million (2024: £35.4 million) of IFRS 16 lease liabilities. On a pre-IFRS 16 basis, net debt was £137.9 million (2024: £133.9 million). The total bank facility at December 2025 was £270 million, comprising a £120 million term loan and £150 million revolving credit facility (RCF), maturing in November 2029. £125 million of the RCF was undrawn at December 2025, which 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% for £95 million of nominal borrowings for various durations out to August 2027. 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 2025, 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 – 5.7 times (covenant test requirement – to be greater than 3.0 times)
- Net debt: EBITDA – 1.8 times (covenant test requirement – to be less than 3.0 times)

Return on capital employed

	2025 £'m	2024 £'m
Adjusted EBITA	**58.4**	68.4
Capital employed	**832.7**	830.6
Adjusted ROCE	**7.0%**	8.2%

Adjusted ROCE was 7.0% (2024: 8.2%) with the year-on-year reduction in EBITA arising from the weaker performance in Landscaping Products. We expect adjusted ROCE to increase progressively in the medium term to around 15% 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 full year dividend of 6.7 pence per share (2024: 8.0 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 (2025: 1.8 times)
5. Consider sensitive bolt-on M&A opportunities to support the execution of the strategy

Going concern

In assessing the appropriateness of adopting 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 54.

Details of the Group's funding position are set out in Note 20. The Group has a syndicated bank facility of £270 million that matures in November 2029 and at December 2025, £125 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 1.8 times (covenant maximum of three times) and interest cover of 5.7 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 12 months from the date of this report) and for this reason, the Board has adopted the going concern basis in preparing this Annual Report.

Justin Lockwood
Chief Financial Officer
16 March 2026

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 2025

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. In addition to the macro-economic environment, the key risks for the Group continue to be cyber security, severe macroeconomic downturn, competitor activity and climate change. All these areas are considered in more detail on pages 55 to 60. Mitigating controls continue to be reviewed as appropriate. The Group's risk function has placed particular emphasis on the following areas during the year:

- Acceleration of the 'Transform & Grow' strategy against a market backdrop that remains subdued. 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 the refinement of the Risk and Control Matrices (RACMs), including testing and reporting processes, and ahead of changes to corporate governance rules from 2026
- Cyber risk has continued to evolve throughout 2025, with a market increase in both the frequency and sophistication of attempted attacks. In response, we have focused on strengthening and aligning cyber security controls across the Group and have advanced our multi-year action plan, which includes targeted investment in people, processes and technology. Key initiatives include enhanced employee awareness and training programmes, regular independent vulnerability and penetration testing, and the introduction of improved monitoring and detection capabilities

The Group completed a number of targeted internal audit projects during 2025 covering the following areas:

- Supply chain ethics and resilience
- IT vendor risk management
- Delegation of Authority design
- Landscaping Products improvement plan
- Continued support on the Group's readiness for corporate governance rules from 2026

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 2026

The priorities for the Group's risk function in 2026 include the following areas:

- Provision 29 compliance
- Further review of the risk register to enhance alignment with key strategic objectives

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.

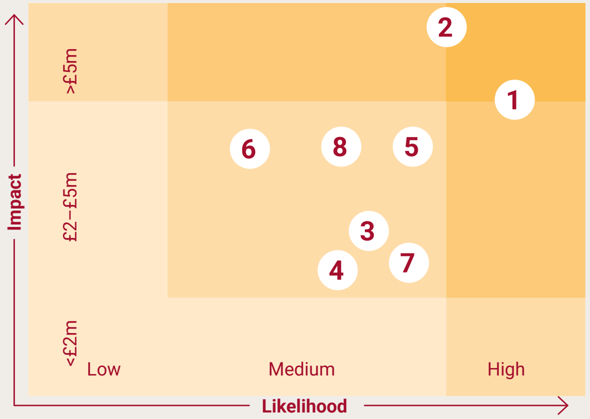
All risks are aligned with the Group's strategic objectives, each risk is analysed in terms of likelihood and impact to the business and the determination of a "gross risk score" enables risk exposure to be prioritised.

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 these are 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 change to the Corporate Governance Code that becomes effective from January 2026.

Risk heatmap (net risk scores)

1 Macro-economic and political
2 Cyber systems, security and technology
3 Security of raw material supply/raw material shortages
4 Legal and ethical
5 Competitor activity and new technology
6 Delivery of strategic programmes
7 Health and safety
8 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 55 to 60, 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 2027. 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 volume assumptions in the CPA's lower scenario from the 2026/2027 winter forecast and price realisation is materially worse than our budgeting assumptions. This scenario results in a cumulative revenue reduction of 6% during 2026 and 2027 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.£135 million at the end of 2026, 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 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 three times in December 2026.

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 2028.

We also ran a reverse stress test scenario to identify a deeper downside trading performance that would give rise to a covenant breach. Against the base budget revenue, a reduction of 18% alongside an operating profit "drop-through" of around 40% would be required during 2026 to breach a covenant at 31 December 2026. This is after assuming a reduction in capital expenditure and pausing dividends. This reverse stress test scenario reduces revenue compared to budget by approximately £120 million during 2026. In this scenario, there remains reasonable headroom against bank facilities, but EBITA: finance costs would breach the covenant minimum of three times at December 2026.

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 54. 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).

▶ Read more about our strategy on page 54
▶ Read more about our business model on page 16

1. Macro-economic and political

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• 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 • UK Government policies have 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 • Weak market demand has compressed the profit pool in the sector, which results in increased credit risk in the customer base, particularly those with highly leveraged capital structures *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	• Industry forecasts and reductions in consumer confidence and in order pipeline • 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 • Increase in UK tariffs on imports from India and China • Signs of credit risk stress in our supply chain	• 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 monitors its external operating environment, market trends and leading indicators. The Group regularly reviews its financial performance and position and prepares periodic financial forecasts that incorporate this market intelligence and updated operating trends. The forecasts are tested against downside scenarios that assess the impact of the crystallisation of the Group's principal risks on the forecast financial performance and position of the Group. Action is taken following the evaluation of these scenarios to make changes to the business including managing costs, cash flow and capital allocation • Use of credit insurance and constant monitoring of uninsured balances • The acceleration of the network optimisation and cost reduction plan in Landscaping Products has reduced the Group's breakeven point which provides further flexibility	*No change in risk* • The UK construction market volumes have shown little growth in 2025 and have decelerated in the second half. Market forecasters expect modest growth in 2026; however, there is little sign of this in current business volumes • Stronger medium-term prospects due to a cyclical recovery and structural drivers of demand. Government policy, lower inflation and interest rates expected to support increased demand for new build housing and result in an improvement in consumer confidence that will be positive for private housing RMI • The US administration's approach to tariffs has evolved during 2025 and remains subject to change. The UK Government has not responded with retaliatory tariffs, although the EU has amended tariffs for certain products. The Group is relatively insulated from the direct impact of this at present and secondary impacts continue to be difficult to predict *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 systems, security and technology

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Fast growing and indiscriminate risk of a cyber attack • Inadequate controls and procedures over the protection of service and data • Failure to improve controls quickly enough, given rapid pace of change • Heightened risk as digital footprint of the organisations grows including corporate and manufacturing areas • AI continues to accelerate speed of an attack and threat base • Legacy technology environment makes for higher likelihood of target • Heightened risk as our digital ecosystem grows (supplier/customer) • Heightened dependency on third-party technology and service providers, expanding supply chain exposure *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 • Reputational damage	• 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 • Increased targeted attacks at Marshalls • Trends in internal phishing resilience, vulnerability, management performance and security monitoring alerts	• Increased technology to manage, detect and respond to threats • Mandated employee awareness through training • Cyber insurance strengthening to cover business interruption, loss of earnings and response • Growing cyber capability through additional resources • Business Continuity Plan (BCP) committee established and in operation • Security operations centre employed to support current environment/monitoring • Full cyber maturity assessment in progress against industry framework • Modernising legacy environment, as this is a key component of reducing inherent risk	*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* • Continue to evaluate and prioritise actions to improve the Group-wide cyber security posture • Continue to align to the principles and guidelines laid out in NIST guidelines • Continue to strengthen incident response and monitoring

3. Security of raw material supply/raw material shortages

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• 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 • Solar panels are imported and future tariffs or changes in export subsidies could impact supply • Single points of reliance within the supply chain *Potential impact* • Cost inflation or interruption of supply could lead to customer dissatisfaction and reduce demand and margins • Risk of interruption of supply chain could lead to customer dissatisfaction	• Cost inflation, impacting materials • Geopolitical activity/tariff implementation impacting global supply and competition • Frequency of enforced material changes/actions to mitigate temporary loss of supply	• 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	*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 backup to domestic supplies

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

4. Legal and ethical

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 • Sourcing from overseas suppliers with complex regional issues and high human rights risks, including China and India, that challenge our drive to ethically and efficiently source and to be leaders in ESG standards • 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 • Supply chain/customer disruption if materials/traded items are ethically compromised or orders rejected on ethical grounds	• Increased regulatory and compliance requirement • Penalty regimes generally becoming more punitive for many regulatory breaches, e.g. data protection, modern slavery, etc. • 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 • Supplier onboarding process and ethical risk assessment of all sourcing countries • Regular reviews of policies and procedures • Regular compulsory training (e.g. data protection, modern slavery, bribery and corporate criminal offence) • Regular reviews of policies and procedures • 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 • Programme of independently verified audits in high-risk jurisdictions	*No change in risk* • In the near term, a new governance code, listing rules, and reporting requirements need to be addressed. Strategic commitment to leadership in ESG governance and standards increases stakeholders' expectations, challenging our commitment to achieving this, with ethical sourcing a key part of this *Priorities* • Continue to renew all compliance processes and control effectiveness with the support of the Executive Team, drive greater cross-functional/team collaboration and awareness to increase early-stage engagement with the legal and human rights team • Continue training and engagement to strengthen escalation procedures for raising ethical concerns

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

5. Competitor activity and new technology

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Weaker market volumes and over-capacity can result in increased competition and downward pricing pressure • Competitor investment in capacity in certain categories may increase competitive intensity • The price premium that Marshalls commands within its product categories is justified through perceived quality, service, innovation, design capability and trusted brand reputation. An inability to maintain and demonstrate this differentiation may result in loss of market share • Entry of new competitors in higher growth markets • Concentration of sales with large national merchant partners and contractors • Technological innovation that changes the way public realm, infrastructure or residential landscape solutions are specified and delivered • Changes to market channels or logistics models introduced by new entrants • Digital and technological advances that result in new apps or software that differentiates the service or product proposition *Potential impact* • Increased competition could reduce volumes and margins on manufactured and traded goods • Insufficient customer insight could result in lower revenues at lower prices. Failure to deliver service in line with customer expectations (both market and wider industry norms) could negatively impact customer perception and revenue performance • Reputational damage and consequential financial impact if the Group's competitive differentiation were to weaken over time	• Entry of new low-cost competitors and new technologies • Changes in demand patterns for traditional products and the emergence of new product or digital 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., to anticipate market developments and support forward planning • The Group focuses on quality, service, reliability and ethical standards alongside its independently verified ESG credentials, which differentiate Marshalls products from competitor products. Monitoring of brand health, customer experience and market share data with agile response to trends • Strong specification and design engagement with architects, engineers and contractors, embedding Marshalls products early in the project lifecycle and supporting long-term demand for the Group's solutions • Long-standing relationships with architects, designers, engineers and contractors support early project engagement and reinforce Marshalls' role as a trusted partner on complex or design-led projects • The Group has a continuing focus on new product development and innovation in response to evolving customer and market needs • The continued development of the Group's digital strategy • Continuous improvement initiatives across manufacturing, logistics and service to ensure Marshalls remains competitive on cost, reliability and customer experience • Refresh of Group strategy to maintain focus on key priorities and growth opportunities • Continued investment in innovation and intellectual property to support differentiated product solutions and maintain Marshalls' leadership in key market segments	*Reduced risk* • The Group has regained market share over the last twelve months through disciplined commercial execution and improved operational performance *Priorities* • Continued focus on minimising cost per unit through network optimisation • Reduce complexity within the business and focus on simplifying our processes and being easier to deal with • Continued development of the Group's brands • Increase pace of digital change and technological solutions

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

6. Delivery of strategic programmes

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Failure to optimise profitable growth or incurring losses from strategic programmes failing to deliver to agreed scope, time, cost and quality measures or failing to realise projected benefits • 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 programmes • 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	• Delays to the delivery of strategic programmes • Inefficiencies in resource utilisation • Cost and time over-runs on projects	• Project management framework and governance in place, managed through the Strategy Programme Management Office function • 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 • Ability to dynamically respond to emerging business strategies and challenges to ensure that resource and governance are directed where required: for example, the Landscaping Products improvement plan	*No change in risk* • Managing strategic change programmes alongside business challenges creates risk of trying to deliver too much change • Group leadership team reviews progress of strategic programmes versus the plan monthly, ensuring alignment of priorities and resource allocation *Priorities* • Strong prioritisation of resources to support key change projects

Risk Management and Principal Risks continued

Principal risks and uncertainties continued

7. Health and safety

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• 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	• Significant increases in the penalty regime • Increase in HSE contravention notices	• 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 • 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	*No change in risk* • Risk level reduced based on the implementation of HRA controls to date, and the plan to continue to improve controls *Priorities* • Continuing employee welfare improvement programmes • Introduction of good catch programme and formal tracking of behavioural safety conversations

8. People risks

Nature of risk and potential impact	Key risk indicators	Mitigating factors	Change
• Manager capability – ability to cope with ambiguity and fast pace of change • 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 • Inability to drive the right culture to drive performance and outcomes with the right/desired behaviours • 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 climate	• Prioritise supporting the business as it accelerates 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	*No change in risk* • Reduced investment in people development could lead to higher attrition • Risk of losing talented people *Priorities* • Deliver manager development programmes as well as driving skills development • Develop strategies and plans for high-potential leaders who we know can do bigger or more diverse roles • Continued focus on succession planning and for planning for talent moves to build capability • Continue with focus on communications and engagement activities

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 41 to 47)
	SECR disclosure	SECR (pages 39 and 40)
Environmental matters	Environmental Policy*	ESG strategy (page 31)
	Carbon and Climate Change Policy*	Road to net-zero (pages 38 to 47)
	Transport Policy	
Social	Code of Conduct*	Trust and transparency (pages 36 and 37)
	Corporate Responsibility and Social Value Policy*	Skills and community (pages 33 and 34)
	Human Rights Policy	Human rights (page 37)
	Modern Slavery Statement*	Stakeholder engagement (pages 28 and 29)
	Children's Rights Policy	
Governance	Anti-Bribery Code*	Trust and transparency (page 36)
	Tax Policy*	
	Trading Policy*	
	Schedule of Matters Reserved for the Board*	Corporate Governance Statement (pages 74 and 75)
	Board Committee Terms of Reference*	Corporate Governance Statement (page 71)
Employees	Health and Safety Policy*	Health and safety (page 35)
	Serious Concerns Policy*	Audit Committee Report (pages 86 and 87)
	Diversity and Inclusion Policy	Gender diversity (page 34)
	Mental Health and Wellbeing Policy	Health and safety (page 35)
Principal risks		Description of risk process (page 53)
		Risk framework (page 53)
		Principal risks and uncertainties (pages 55 to 60)
Business model		Our business model (page 16)
Non-financial KPIs		Key performance indicators (page 18)
		Strategy (pages 11 to 13)

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

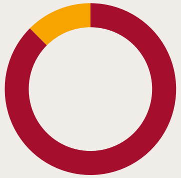
The Board has strong ethical values, combined with great depth of experience and skill covering leadership, strategy, manufacturing, operations, marketing, finance, M&A, business transformation and digital technology.

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.

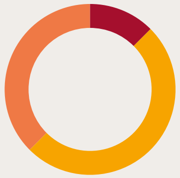
The Board is focused on supporting the development and execution of the Group's 'Transform & Grow' strategy, whilst demonstrating its ability to be agile and alive to the opportunities and risks that our new strategy presents.

Board composition

Gender composition
- Female – 4
- Male – 4



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



Length of service
- 0–2 years – 1
- 3–4 years – 4
- 5+ years – 3

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

* Female Chair and Remuneration Committee Chair.

Board skills

Key skills	
Leadership	8
Strategy	8
Manufacturing	7
Operations	3
Marketing	2
Finance	6
M&A	7
Business transformation	4
Digital technology	1

Corporate pillars	
Shareholder value	8
Sustainable profitability	5
Relationship building	7
Organic expansion	4
Brand development	6
Effective capital structure and control framework	7

E N R I

Vanda Murray OBE
Chair

Date of appointment 9 May 2018 Re-elected in May 2025

Experience Vanda Murray OBE has over 30 years' experience at a senior level across a range of industry sectors in the UK and internationally. Her previous executive roles include serving as Chief Executive of Blick plc from 2001 to 2004, where she led the company through a successful sale to Stanley Works Inc. From 2004 to 2006, she was Managing Director of Ultraframe plc, delivering a successful turnaround.

Vanda won the Sunday Times Award for "Non-Executive Director of the Year" in 2018 and was nominated for the shortlist again in 2025. In 2002, she was appointed an OBE for Services to Industry and to Exports.

External appointments
Non-Executive Director and Chair of the Remuneration Committee of Howden Joinery Group plc, Chair of Yorkshire Water and Board member for the English National Opera.

E

Simon Bourne
Chief Executive Officer

Date of appointment 1 April 2022 Re-elected in May 2025

Experience Experienced manufacturing, supply chain and operations director. Simon was appointed Chief Executive Officer of Marshalls in January 2026, supporting our focus on the execution and accelerated delivery of our 'Transform & Grow' strategy. Simon joined Marshalls in 2015 as Group Operations Director, was appointed to the Board as Chief Operating Officer in 2022 and assumed additional commercial responsibilities from 2024. 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 Burton's Biscuits as Manufacturing Director and three years at Betts Group Holdings as Group Director of Manufacturing.

External appointments
Member of MPA Board.

E

Justin Lockwood
Chief Financial Officer

Date of appointment 26 July 2021 Re-elected in May 2025

Experience Previously Chief Financial Officer of International Personal Finance plc, having held senior financial roles for seven years prior to his appointment as CFO in 2017. Justin spent four years at Associated British Ports in senior financial roles and worked in a variety of business and head office roles for Marshalls between 2002 and 2006. Chartered Accountant, having qualified and worked for PwC during the first ten years of his career.

External appointments
None.

Board of Directors continued

A E N R I

Graham Prothero

Senior Independent Non-Executive Director

Date of appointment 10 May 2017
Re-elected in May 2025

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 and Board member for The Jigsaw Trust.

A E N R I

Angela Bromfield

Non-Executive Director

Date of appointment
1 October 2019
Re-elected in May 2025

Designated Non-Executive Director for employee engagement.

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 2025

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 and 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 2025

Experience Most recently, 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 the Audit Committee and Senior Independent Director.

External appointments
Board member for the Monteverdi Choir & Orchestras.

A E N R I

Paul Inman

Non-Executive Director

Date of appointment
15 September 2025

Experience Most recently served as CFO of Yorkshire Water. Previously, Paul served as the Financial Director for the air sector at BAE Systems, having held multiple roles at Rolls-Royce. Paul has extensive cross-sector financial experience and brings strong operational experience to the Board, particularly from businesses dependent on critical high-value assets. Paul has led several transformations and change programmes, as well as having significant experience in M&A, restructuring and finance. Paul is a member of the Institute of Chartered Accountants in England and Wales.

External appointments
Consultant to Keld Group Limited.

Shiv Sibal

Chief Legal Officer and Company Secretary

Date of appointment 26 May 2020

Experience Corporate finance lawyer with over 20 years' experience, the last ten of which have been in industry at FTSE 250 businesses. Shiv has extensive leadership and legal experience and is a member of the Group's Executive Team. Formerly a corporate partner with international law firm Womble Bond Dickinson LLP, focused on cross-border mergers and acquisitions and equity capital markets transactions. Also spent eight years working for international law firm Pinsent Masons LLP and qualified with international law firm CMS.

External appointments
None.

Board changes in 2025
Paul Inman joined the Board on 15 September 2025 as a Non-Executive Director and Audit Committee Chair designate.

Matt Pullen stepped down from the Board and as Chief Executive with effect from 27 November 2025, with Simon Bourne being immediately appointed as Chief Executive Officer on an interim basis and then permanently with effect from 19 January 2026.

Corporate Governance Statement

Vanda Murray OBE
Chair

Summary

- Resilient performance supported by decisive action to drive performance improvement in Landscaping Products
- Completed "deep dive" reviews of strategic progress within our Landscaping, Roofing and Building Products segments
- Simon Bourne appointed Chief Executive Officer to intensify the execution of our strategy, leveraging his knowledge and experience
- Implemented Board succession plan, with Paul Inman appointed to succeed Graham Prothero as Audit Committee Chair on retirement and Diana Houghton to become our Senior Independent Non-Executive Director

"Responsible governance is at the heart of our culture. The Board's decisions during the last year evidence its commitment to positioning the Group for growth and market outperformance through transformation and turnaround."

Accelerating strategic execution with purpose and clarity.

Dear shareholder

The Group performed resiliently during 2025, demonstrated by our return to revenue growth, despite the prolonged challenges facing some of the markets we operate in. The Board remains focused on ensuring that the Group is well positioned to take advantage of the strength in our diversified portfolio and our attractive end markets, which will drive our long-term growth and also provide us the opportunity to benefit from structural and regulatory tailwinds. Accelerating the execution of our 'Transform & Grow' strategy will drive our performance over the medium term and will be central to the Board's work over the coming year.

2025 saw the appointment of Simon Bourne as our Interim Chief Executive Officer, with Simon's appointment being made permanent early in 2026. Simon succeeds Matt Pullen, who stepped down from the Board in November 2025. Under Matt's leadership, we successfully launched our 'Transform & Grow' strategy, and Simon's knowledge and experience of the Group, and as an established Board member, mean he is well placed to ensure we execute the strategy with purpose and clarity and take full advantage of our growth opportunities.

Throughout the year, the Board challenged and supported the decisions that underpinned our performance improvement plan in our Landscaping Products business. These included the closure of our UK-based Natural Stone Products business and further reductions in the Landscaping Products business' cost base that not only ensure capacity and demand are more closely aligned but also represent a more fundamental reshaping of the business and its leadership that should drive customer engagement and future performance. We also looked in depth at the progress each of our businesses is making with its strategic plans, which underpin our performance in the medium term.

Financial discipline as we navigate continued market uncertainty enables the application of our capital allocation policy, including organic investment in the business that will drive future growth and profitability. The refinancing of our banking facilities last November and careful management of costs, net debt and cash flow are critical parts of this. The Board has monitored these carefully whilst balancing the need to support a sustainable dividend policy.

In spite of the challenging environment in which we are currently operating, we recognise that customers who value the strengths in our business are critical to our ambition and the Board governs through not only the lens of the rules and regulations we must adhere to but also through the lens of our strategic pillars, and the standards and principles that underpin these: business excellence, leadership in ESG, and making Marshalls a great place to work. More detail on the Group's progress in these areas is set out on pages 33 to 40.

In support of this, maintaining the expertise, skills and experience on our Board ensures we can challenge and support the business in a way that gives our shareholders, customers and colleagues confidence that the decisions we make create a foundation for future success. As part of our Board succession planning, we announced in August 2025 that Graham Prothero, Senior Independent Non-Executive Director and Audit Committee Chair, will retire from the Board at the end of our 2026 AGM. Graham's sector knowledge and experience have proved invaluable in helping navigate several challenges and changes to the governance landscape over his tenure. In appointing Paul Inman as Graham's successor, we are well placed to continue Graham's excellent work and have ensured there is an orderly handover, which is especially significant as we finalise our preparation for changes to the UK Corporate Governance Code (the UK Code) that apply from the beginning of the current financial year. Paul's extensive financial, operational and leadership experience, which is set out in more detail in his biography on page 63, evidence the range of skills that he brings to the Board table as we look to take advantage of the growth opportunities that will drive our future sustainable growth. Paul has completed a tailored induction (further details of which are set out on page 83) and is now well established as a member of our Board team. In addition, Diana Houghton has agreed to take on the vital role of Senior Independent Non-Executive Director, when Graham retires, ensuring I have the challenge and support necessary to effectively lead the Board. As part of our wider succession planning, Graham has begun the process of searching for my successor, well ahead of my anticipated retirement in 2027.

As the business transforms, we continue to engage beyond our formal duties and see this as a priority as it ensures our decisions are guided by a deeper understanding of the Group's day-to-day operations. These interactions, whether through "deep dives" into the strategic plans of our brand powerhouses and growth engines, site visits or additional interactions on a one-to-one basis or with small teams, demonstrate the Board's commitment. Diana Houghton, for example, has mentored a group of site-based female engineers, sharing her extensive experience and supporting their development. Improving diversity within operational roles is something we have acknowledged as a real challenge within our sector, and this supports our commitment to being an inclusive employer that identifies development opportunities for all our colleagues. All Board members continue to engage with our people through our Employee Voice Group (EVG), with Angela Bromfield continuing to lead in this regard. This underpins the Board's commitment to assessing and monitoring our culture through engagement, as we accelerate the execution of our strategic plans during 2026, and beyond.

Corporate Governance Statement continued

We recognise that our leadership as a Board sets the tone for the Group as a whole and gives our stakeholders confidence that we are equipped to make the decisions that will drive sustainable future growth. In addition to engaging Lintstock to facilitate an external performance review of the Board and its Committees (further details of which are set out on page 77) I engaged Russell Reynolds Associates to undertake a review of Board culture and dynamics, which has resulted in some developments in the Board's ways of working and in how we allocate time to monitoring and supporting the execution of our strategy. Further details of this review are set out on page 77. Maintaining the trust and cohesion that have defined the culture of the Board and ensure alignment on the Group's key priorities are central to our commitment to responsible governance.

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 62.

The Board will continue to dynamically respond to opportunities and threats as we accelerate the execution of our strategy. 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, including the changes that apply to the financial year ended 31 December 2025 and those that we will adopt during 2026.

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.

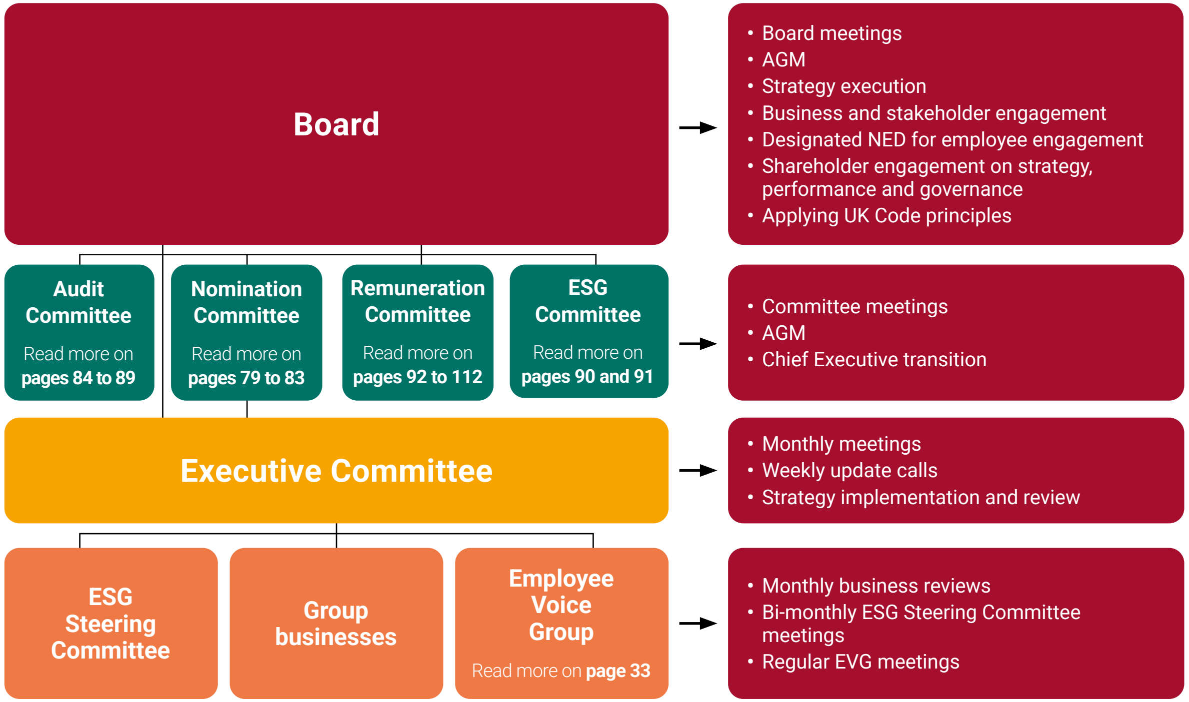
The Board recognises that we are accountable to shareholders for good corporate governance. This report, together with the Reports of the Nomination, Audit, Remuneration and ESG Committees on pages 79 to 112, seeks to demonstrate our commitment to high standards of governance that are recognised and understood by all.

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 sustainable long-term growth.

Our governance framework

Programme of activities



Corporate Governance Statement continued

Activities in 2025

Activity	Outcome	Link to strategy
Performance: Landscaping Products improvement plan	Following our comprehensive review of performance within Landscaping Products, encouraging progress has been made with the structural transformation that provides a foundation for its future profitability, and 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 Business excellence Leading brands
Governance: financial discipline, robust Balance Sheet and liquidity	In a year of significant change and continued market challenges, the Board has overseen a return to revenue growth, with disciplined stewardship safeguarding liquidity, cash generation and capital discipline, underpinning the Group's resilience. Continued focus on cash flow resulted in strong cash conversion, controlled year-end leverage and helped us maintain our robust Balance Sheet. The Group also has significant liquidity to fund its strategic and operational growth plans through the recent successful £270m refinancing of its banking facilities.	Business excellence
Governance: leadership transition	The Board, with support from the Nomination Committee, Chief People Officer, Company Secretary and independent external search consultants, managed the appointment of Simon Bourne, initially as Interim and then permanent Chief Executive Officer after Matt Pullen stepped down in November 2025. Simon's appointment reflects his extensive business, leadership and Board experience and supports our focus on execution as the Group seeks to intensify its delivery of the 'Transform & Grow' strategy.	Great place to work Customers who value our unique set of capabilities Business excellence
Governance: succession of Audit Committee Chair and Senior Independent Non-Executive Director	We have managed the succession of Graham Prothero (who retires at the end of this year's AGM) as Audit Committee Chair and Senior Independent Non-Executive Director. Paul Inman joined the Board as a Non-Executive Director and Audit Committee Chair designate, and Diana Houghton will take on the important role of Senior Independent Non-Executive Director when Graham retires. The skills and experience that both Paul and Diana bring to their roles are invaluable to the Board.	Business excellence Great place to work Leadership in ESG
Strategy: brand powerhouses, growth engines, business excellence and great place to work	We have completed reviews of strategic progress by our brand powerhouses and growth engines (as described on pages 12 and 13), recognising the need to drive execution at pace, supporting our growth in the medium term. With our recently appointed Chief Information Officer, Marie Banks, we have considered progress with the development of our technology strategy, including a review of the Group's Enterprise Resource Planning (ERP) systems, and decided to pause the rollout of phase 2 of Microsoft Dynamics 365 so we can consider future technology needs across the entire Group.	Customers who value our unique set of capabilities Leading brands Business excellence
Governance: impact of changes to the UK Code	The Group continued its preparation for implementing changes to the UK Code, particularly those relating to internal controls. This included reviewing the design, operation and effectiveness of the Group's control frameworks and environment to ensure that they continue to be robust and the identification of material controls. Further details are set out in the Audit Committee Report on page 86.	Leadership in ESG Business excellence
Governance: ESG Committee	The ESG Committee is focused on providing oversight and supporting the delivery of the ESG strategy. During 2025, the Committee critically reviewed our updated ESG framework and its alignment with our purpose, Building Tomorrow's World, and our 'Transform & Grow' strategy. Further details are set out in the ESG Committee Report on pages 90 and 91.	Leadership in ESG Carbon leadership
Governance: capital allocation policy	Against continued market uncertainty, the business maintained strong cash generation and financial discipline and efficiently managed borrowings, finance costs and ultimately leverage, supporting the Board's decision to maintain dividend cover in line with our current capital allocation policy. The Board's approval of the refinancing of the Group's banking facilities during 2025 ensures we can continue to invest in organic growth opportunities that will help us achieve our strategic goals.	Business excellence
Governance: externally facilitated Board performance and culture reviews	With the support of Lintstock, we completed an externally facilitated Board and Committee performance review. Working in collaboration with the Chief Legal Officer and Company Secretary, Lintstock designed bespoke questionnaires that built on key objectives from the previous year's internal review. Further details are set out on page 77. Working with Russell Reynold Associates, we conducted a review of Board culture and dynamics with the findings reflected in future Board planning and directed at ensuring the Board operates as a high-performing team.	Leadership in ESG Great place to work

Corporate Governance Statement continued

Priorities in 2026

Activity	Outcome/activity	Link to strategy
Strategy: accelerated execution of 'Transform & Grow'	The Board will support and challenge the pace at which the business is executing its strategy, which will include greater assurance on what is being prioritised and how performance is being measured.	'Transform & Grow' Great place to work
Performance: Landscaping Products transformation	The Board will carefully monitor the turnaround and transformation in Landscaping Products, including the improvement in its profitability.	Customers who value our unique set of capabilities Leading brands
Performance: economic outlook and market dynamics	The Board will continue to carefully monitor market and sector dynamics ensuring the business is well placed to take advantage of the strength of our diversified product portfolio.	Customers who value our unique set of capabilities Business-wide excellence
Governance: Board succession	The Board will support Simon after his recent appointment as Chief Executive Officer and implement our Chair succession plan, reflecting on the skills, knowledge and experience we need to drive our strategic goals and maintain a Board culture that gives all our stakeholders confidence that we can make the decisions that will drive sustainable long-term growth, whilst navigating the risks the businesses faces.	Great place to work Leadership in ESG
Strategy: attracting and retaining talent	The Board will consider the Group's evolved people strategy that will underpin 'Transform & Grow'. Ahead of this, the Board will consider current leadership and talent development within the Group and challenge whether these will help us create the next generation of leaders within the Group. Making Marshalls a great place to work is vital in attracting, motivating, developing, progressing and retaining diverse talent and to fostering a performance driven culture.	Business excellence Great place to work
Governance: Directors' Remuneration Policy review in 2026	Following our extensive consultation with major shareholders, other key stakeholders and advisory bodies, we will finalise and table our proposed new Directors' Remuneration Policy for approval by our shareholders at our 2026 AGM.	Business excellence Great place to work Leadership in ESG
Governance: effectiveness of risk management and internal control framework	Following the extensive preparatory work undertaken by the Group ahead of the changes to the UK Code, the Audit Committee, on behalf of the Board, will continue to monitor the effectiveness of the Group's risk management and internal control frameworks, providing appropriate challenge where necessary. This will cover all material controls and will include consideration of the Group's work in applying Provision 29 of the UK Code and the assurances the Board will provide to shareholders.	Leadership in ESG Business excellence
Governance: ESG Committee	The ESG Committee will continue to oversee the ESG strategy, with a focus on how our ESG framework, Built for the Future, is resonating with our customers and whether they value the differentiation in our product offer.	Leadership in ESG Carbon leadership
Governance: internal Board performance review	With the support of the Company Secretary, we will conduct a Board performance review to reflect on performance and progress against the objectives identified in our externally facilitated review in 2025.	Leadership in ESG

Corporate Governance Statement continued

ESG priorities

Our ESG framework, Built for the Future, has been considered in line with our 'Transform & Grow' strategy and ensures a clear link to our strategic objectives. 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 ESG Committee is set out on pages 90 and 91 and a summary of how our ESG activities are governed is on page 90.

Operating responsibly and sustainably is a foundation of our business and pages 31 to 40 of the Strategic Report include further detail on how this is represented in our day-to-day business operations and the outcomes this drives. Stakeholder trust is built on the actions we take and our ESG commitments and credentials demonstrate this.

- **Environmental** – we take our environmental impact seriously. We 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 on pages 90 and 91 and the Sustainability section within our Strategic Report on pages 31 to 40**

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 Officer is ultimately accountable for the delivery of the ESG strategy that underpins both our carbon leadership and our leadership in ESG governance and standards
- The Chief Legal Officer and Company Secretary has responsibility for day-to-day oversight of our ESG strategy including the ESG Steering Committee
- 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 Officer and CFO
- 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 52 to 54

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 that drive carbon and ESG leadership
- 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

Reviewing health and safety performance and practices remains core to the Board's agenda, being reviewed at every scheduled Board meeting. Our performance over the last year evidences the progress we have maintained. Our Chief Executive Officer is responsible at Board level for health and safety and his operational experience means he has a deep understanding of the risks we face and how to drive improvements in our health and safety culture. Ultimately, we want all colleagues to always look out for each other's safety, to celebrate good behaviours and performance, to share good practice and improvement ideas and to invest in systems, processes and equipment that ensure our colleagues get home safely and injury free after each working day. Further details are set out on page 35.

Flexibility and agility in working practices remain an important tool in attracting and retaining diverse talent, but this must be balanced with the developmental benefits, particularly for colleagues in new roles or just joining the business, of collaborating with their teams in person. The Board actively monitors the Group's culture, with the Employee Voice Group (EVG) being a key enabler for this, in addition to the colleague engagement surveys we commission and the other ways in which the Board engages with the business. At its core, Marshalls is a manufacturing business, and we must be mindful of this and recognise that many of our colleagues do not have the option of working flexibly. We use technology to improve agility and reduce costs and our carbon footprint, but not at the cost of driving our culture and ensuring colleagues feel Marshalls is a great place to work.

The Board and Committees continue to hold all scheduled meetings in person and have taken the opportunity, where our sites can accommodate, to combine Board meetings with site visits, which provide insight into our culture across the Group. The Board continues to leverage technology when we need to meet at short notice or if there is business need, for example to manage the transition between Chief Executive Officers last November.

The good practices we have adopted over the last few years make us more agile and ensure the Board is there when the business needs it most. This has been evident with the challenges the business has faced during the last year. This not only improves our control environment but facilitates the dynamic decision making that is central to the way the Board governs and to how the senior management team operates 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. The Nomination Committee Report on pages 79 to 83 sets out the measures we have in place, with our focus being on inclusivity across the Group. The evolution of our people strategy during 2026, whilst presenting an opportunity to shape our future ambition in this area, will need to balance our aspiration with the challenges of the sector we operate in, particularly when it comes to diversity in our operational teams.

At Board level, gender diversity was maintained during 2025. Including me, a female Chair, we have 50% female representation on our Board overall and one Director from an ethnic minority background.

Board performance review

As required by the UK Code, we conducted an externally facilitated Board and Committee performance review during 2025, led by our Chief Legal Officer and Company Secretary and facilitated by Lintstock. In addition, with the support of Russell Reynolds Associates, we carried out a review of Board culture and dynamics, recognising that the Board continuing to operate as a high-performing team is critical to our ability to take advantage of our near and long-term strategic opportunities. Further details of these reviews are set out on page 77.

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 115 and 116 and 117 to 123.

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

Vanda Murray OBE
Chair
16 March 2026

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 January 2024 (the UK Code) which applies to the financial year 2025. We have complied with the principles and provisions of the UK Code throughout 2025. 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 72 and 73

- A very experienced female Chair who provides pragmatic leadership, and drives inclusive and robust debate and dynamic decision making, all with the purpose of driving the long-term sustainable success of the Group
- 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
- 2025 focus on transformation and turnaround in Landscaping Products, Board succession and the appointment of a new CEO, monitoring execution of our strategy, core business performance and cost and cash management
- Our culture, The Marshalls Way, and purpose, "Building Tomorrow's World", guide our strategy and decision making and the way the business is operated and controlled

2 Division of responsibilities

▶ Read more on pages 74 and 75

- 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 Officer supplement an already strong relationship as we intensify the execution of our strategy
- Robust challenge and support provided and well received by management, all evidenced in the reviews of the culture and performance of the Board conducted during the last year
- 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 76 and 77

- Balanced Board with breadth of experience, knowledge and skills, with focused effective succession planning sustaining this
- Majority of independent Directors and experienced Committee Chairs
- Succession plan with robust procedure for appointments supported by experienced external search consultants
- Externally facilitated performance review reflecting on Board performance during 2025 and including assessment of how the Board addressed objectives from the 2024 internal review. Recommendations reflected in Board planning for 2026
- Engagement with shareholders on performance and governance, which during 2025 centred on performance, Remuneration Policy and leadership change

4 Audit, risk and internal control

▶ Read more on page 78

- Clear oversight of external and internal audit functions and planning, including key areas of audit focus and ensuring internal audit planning addresses key risks and controls
- Effective oversight of internal control environment, and the programme of work to assess and test the design, completeness and effectiveness of the Group's control framework, including how this satisfies the requirements of Provision 29 of the UK Code, which will apply to the 2026 reporting year
- Detailed consideration of our reporting under TCFD and prospective requirements under other emerging standards
- Ensuring effectiveness of the Group's risk management framework and participating in the risk review process, including a NED only risk assessment
- 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 management override of controls, our goodwill impairment review and disclosure of adjusting items

5 Remuneration

▶ Read more on page 78

- Overseeing the review of our Directors' Remuneration Policy and comprehensive engagement with shareholders and other key stakeholders on proposed changes
- 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 two Executive Directors. Their biographical details are on pages 62 and 63.

Our Schedule of Matters Reserved for the Board (summarised opposite) is reviewed annually and is available on our website. It ensures we retain an appropriate balance between Board oversight and the day-to-day running of the business.

Delegation to Board Committees

The Audit Committee Report on pages 84 to 89 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 79 to 83 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 92 to 112 explains how the Group's current Remuneration Policy has been implemented and the changes we are proposing to the Policy that we will be asking shareholders to approve at our 2026 AGM. It sets out Directors' remuneration outcomes for 2025 and also provides gender pay and balance information.

The ESG Committee Report on pages 90 and 91 explains how the Committee has provided oversight and support for the Group's ESG strategy and the ESG Steering Committee (which comprises certain members of the senior management and ESG delivery teams).

Ad hoc Board Committees are established for specific purposes: for example, during 2025, Board Committees were established to approve the preliminary and half year results and our trading update in July; and to approve the appointments of Simon Bourne as Interim Chief Executive Officer, Paul Inman as Non-Executive Director and Audit Committee Chair designate, and Diana Houghton as our Senior Independent Director with effect from the end of our 2026 AGM.

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 65) and controls below Board level are designed so that decisions are made by the most appropriate people in an effective and efficient manner.

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

Business management teams report to the Executive Team, which comprises the senior management team, including the two Executive Directors. The Executive Directors, members of the Executive Team and business management teams 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 and its Committees to make informed decisions on key issues, whilst having regard to the interests of all our key stakeholders. These include the execution of our 'Transform & Grow' strategy, remuneration, financial reporting and 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

Intensifying the execution of our strategy, whilst facing into prolonged uncertainty in our end markets, requires strong leadership and engagement guided by our purpose of Building Tomorrow's World. The transformation and turnaround in Landscaping Products is progressing well and provides a foundation for an improvement in profitability but required the Board and the Executive Team to take decisive strategic action during the last year, guided by The Marshalls Way. These actions included ceasing our UK quarried natural stone operations and commencing a network optimisation programme which more closely aligns our manufacturing operations with customer demand. Whilst these actions are aimed at ensuring we are well positioned to capitalise on a market recovery in this segment, the Board was mindful of the impact on our colleagues and our culture, even though these actions represented the execution of our strategy. Our resilient performance during 2025 and the strength in our diversified product portfolio provide a platform for future growth.

Simon Bourne's appointment as Chief Executive Officer supports our desire to unlock, at pace, the future growth and shareholder value creation opportunities our strategy presents. Simon's knowledge and experience of the Group, our customers, our operations and importantly our people ensure he is well placed to deliver this value which will, in turn, be shared with our colleagues. Ensuring our Board culture facilitates both challenge and support to Simon and the Executive Team means we can leverage the Board's knowledge, skills and experience, which our succession planning seeks to maintain.

As we do each year, the Board, Executive and business management teams have undertaken a detailed review of our strategic progress under 'Transform & Grow' and remain confident that disciplined execution will improve performance in the current market and position us well as demand improves. The Executive Directors have engaged with colleagues across the Group in a series of roadshows to build alignment and momentum behind the objectives we have set ourselves and to help them understand the vital part they play in helping us achieve these.

The Board uses all channels available to it to ensure the Company's purpose, values and strategy are aligned with our culture. Our established EVG, which continues to evolve, is a conduit for this, and the Directors can choose any other engagement mechanism that fits a particular need. During 2025, Directors also engaged through site visits and by meeting members of our EVG, business management teams, and other aspiring leaders more informally. Directors also engage in one-to-one meetings with senior leaders in a mentoring capacity or where their specific knowledge and experience can support the development of those leaders or a particular project or strategic challenge they are addressing. Avis Darzins, for example, has engaged with our new Chief Information Officer, Marie Banks, on technology developments and our ERP strategy and Diana Houghton has mentored a group of site-based female engineers. All Directors share details of their engagement with the business at each Board meeting, which supports a deeper understanding of our people and operations. This engagement supplements updates received at Board and Committee meetings throughout the year. The Board's continuing engagement with the businesses has informed its decision making and enabled the Board to monitor the Group's culture.

We engaged extensively with shareholders throughout the year as we navigated significant change and business performance challenges driven by subdued end markets. We are confident that the progress we have made with our improvement plan for Landscaping Products and Simon's appointment as Chief Executive Officer will help to rebuild shareholder trust and enable us to drive the strategic progress that will build shareholder value in the medium term. In addition to our engagement at the time of our full year and half year results, we consulted with shareholders after our trading update in July and after Simon was appointed Interim Chief Executive Officer in November. We also consulted key shareholders on proposed changes to our Directors' Remuneration Policy that will be voted on at our 2026 AGM. We have shared shareholder feedback with the Board and, where relevant, our wider business management teams so they can reflect on this in the execution of their strategic plans and how they operate from day to day. 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 61 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.

Maintaining an open Board culture with trust and transparency between management and the Board will build confidence in how the business is operated and controlled and how performance is measured. The time invested by the Board, not only in preparation for and attendance at meetings and in engaging with the business, but also through participation in the externally facilitated performance review and the separate review of Board culture and dynamics, demonstrates the Board's commitment to operating as a high-performing team This commitment 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 maintain our resilience today and take advantage of the opportunities to grow sustainably, which are driven by our diversified product portfolio and our exposure to scale markets with long-term growth drivers. Dynamic decision making enabled us to recognise the need to refocus the business and intensify the execution of our strategy.

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.

Our ESG framework, Built for the Future, is driven by our commitment to operate the business sustainably. 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. Our ESG Committee Report on pages 90 and 91 and pages 31 to 40 in the Strategic Report set out further details of our activities during the last year.

Corporate Governance Statement continued

Compliance Statement continued

Leadership and purpose continued

We continue to support investment in the business, with the focus on investment that delivers the most value. Whilst our commitment to continuous improvement remains, we ensured that capital expenditure plans during the last year 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 17 and 18 that enable it to assess performance against the targets the Group sets itself. As we intensify the execution of our 'Transform & Grow' strategy, the information the Board receives is being enhanced to ensure the Board can track progress with the live projects that support this and see how they are being prioritised. This directly addresses feedback received as part of the externally facilitated Board performance review and will allow the Board to assess whether the projects will deliver the performance and value expected.

Our EVG is firmly established 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. During 2025, the EVG focused on supporting colleagues through change and gaining a deeper understanding of 'Transform & Grow' and the role they play in communicating this across the Group. The EVG also supported the launch of our new colleague communication platform, Buzz, and with the behavioural change programmes our health and safety team is implementing across the Group. Membership of our Group-level EVG was refreshed in 2025, providing an opportunity to expand its reach and widen representation from across the Group. This ensures that the Board and management have a broad a picture of what is important to our people and how they are feeling and also gives our EVG members the opportunity to challenge our approach.

Further details of how we engage with employees are set out on page 29.

Good governance is supported at Marshalls by robust systems and processes and a good understanding of risk and risk appetite. The Group's internal 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 and internal controls are set out on pages 52 to 60 and 88 and 89 respectively.

The Board remains confident the Group's application of the UK Code principles during 2025 will drive its long-term sustainable success by providing a platform to implement 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 Officer.

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 externally facilitated Board performance review assessed the Board's performance during 2025, Board composition and succession, the Board's strategic oversight and the Board's strengths and development areas. The review concluded that, during 2025, the Board performed well in a challenging year and there was a high degree of alignment on the key issues facing the Group and the importance of driving performance and the execution of the Group's strategy. A separate review, commissioned by the Chair, focused specifically on assessing Board dynamics and culture and the importance of maintaining and developing these.

Chief Executive Officer

The Chief Executive Officer 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 62 and 63.

Board meetings and attendance*

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

* The Board held seven scheduled meetings during the year. In addition to these scheduled meetings, the Board convened for shorter virtual meetings on three other occasions to address specific matters arising at those times.

The Chair, Chief Executive Officer and Chief Financial 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 Officer and Chief Financial Officer attend Remuneration Committee meetings by invitation. The Chief Executive Officer 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 2025 was held in June. In addition, the Board participates in site visits, training sessions, the EVG and other business activities where they have relevant expertise and experience.

Matt Pullen stepped down as Chief Executive and from the Board on 27 November 2025. Matt was unable to attend the Board meeting and ESG Committee in May 2025 due to ill health.

Paul Inman joined the Board and all of its Committees on 15 September 2025. His attendance reflects this.

Diana Houghton was unable to attend the January Board and Committee meetings due to unforeseen events in her capacity as Group Head of Strategy and Communications at Smiths Group.

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 Officer and Company Secretary review this planner on a regular basis to ensure it reflects current business priorities alongside our strategic plan and any recommendations from internal and externally facilitated Board performance reviews. During 2025, this enabled dynamic consideration of performance in our Landscaping Products business, the acceleration of network optimisation under our 'Transform & Grow' strategy, our decision to exit our UK quarried natural stone operations and leadership change.

For 2026, our planner supports clear Board oversight of the accelerated execution of our strategic plans, including the performance driven by the implementation of our Landscaping Products improvement plan and consideration of our revised people strategy.

The Chief Executive Officer and the Chief Financial Officer report on strategic, financial, and commercial and operational performance respectively at each Board meeting. The Chief Executive Officer 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.

As Chief Executive Officer, Simon also reports to the Board on health and safety, including the progress 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".

In addition to the standing items on the Board's agenda, the principal areas of focus considered by the Board in 2025 were:

Strategy

- Execution of 'Transform & Grow' strategy, including updates from each of our brand powerhouse and growth engines
- Updates on implementation of strategic projects through our Strategic Project Management Office
- Standalone review of Landscaping Products improvement plan including network optimisation
- Exit from our UK quarried natural stone operations
- 2026 budget
- Technology including ERP roadmap and cyber maturity and resilience
- Group vision, purpose and brand architecture
- People and culture, including reward, succession and talent development
- Debt refinancing
- Logistics update
- Asset disposals: surplus real estate assets
- Capital structure and dividends
- Market, sector and competitor updates and outlook
- Broker and financial adviser updates
- Defence strategy and planning

Operations

- Health and safety
- Supply chain, procurement and logistics performance
- People: culture, engagement and morale

Governance and risk

- Interim and final results and dividends
- Leadership change
- Board composition and succession
- Externally facilitated Board, Committee, Chair and individual Director performance review
- EVG feedback and NED engagement
- Policy reviews in accordance with matters reserved for the Board
- Whistleblowing
- 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 and Company Secretary. Additional rigour is provided by specialist independent executive search firms we engage to ensure we are able to maintain and develop the skills, experience and knowledge required by the UK Code and which will support the execution of our strategy. Board succession planning is reviewed at least annually by the Nomination Committee, while senior management succession planning at Executive level is reviewed by the Board with the support of our Chief People Officer.

During 2025, the Board, guided by the Chief Executive Officer and our Chief People Officer, considered senior management succession, both in the context of the execution of our strategic plan and the level of business change this is driving, including the transformation in our Landscaping Products business. Talent management, including our talent quality, mobility and retention, is challenging when facing a prolonged period of market uncertainty and our focus has been on ensuring we have the right people to underpin our current resilience and who can drive sustainable growth in the future.

The Board also received an update on talent management and succession for our leadership tiers beyond the senior management team, including our business management and functional senior leaders. Our Risk Register acknowledges our capability, diversity, attraction and retention challenges, together with the current mitigating factors. The Board recognises that the development of "home grown" talent and future leaders is fundamental to the execution of our strategy and the sustainable growth of the Group.

Our Board remains diverse with a good balance and depth of skills, experience and knowledge. Our externally facilitated Board performance review concluded that our Committees continue to be well led by suitably experienced Chairs with recent and relevant expertise. Paul Inman's appointment as Graham Prothero's successor as Audit Committee Chair, and Diana Houghton succeeding Graham as Senior Independent Non-Executive Director, when Graham retires after the AGM this year, mean that we will be able to maintain this leadership strength. The Committees are also well supported by our Chief Financial Officer, Chief People Officer and Chief Legal Officer and Company Secretary. During the year, Simon Bourne succeeded Matt Pullen as Chief Executive Officer, building on his Board role as Chief Commercial Officer. Simon's appointment reflects his extensive business and leadership experience with the Group, and supports the Board's focus on execution as the Group intensifies delivery of the 'Transform & Grow' strategy. The Board does not intend to appoint a separate Chief Commercial Officer. Commercial leadership is now embedded within the Executive team and divisional leadership structure, with the Chief Executive Officer retaining overall accountability for the Group's commercial agenda.

The Board is currently 50% 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 62 and 63.

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, with the exception of Graham Prothero, who will be retiring from the Board following the conclusion of the 2026 AGM, will stand for election or re-election at the 2026 Annual General Meeting. The Directors' biographical details on pages 62 and 63 show their roles, dates of appointment and lengths of service on the Board.

During 2025, we conducted an externally facilitated Board performance review led by the Chief Legal Officer and Company Secretary. See page 77 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.

Corporate Governance Statement continued

Compliance Statement continued

How Board priorities were addressed during the year

Our 2025 externally facilitated Board performance review was led by the Chief Legal Officer and Company Secretary, with the support of Lintstock Limited, and a summary of this is set out below. We made progress against the priorities identified in the 2024 internal performance review, against a backdrop of further significant business change during 2025. This required careful prioritisation and demonstrated the Board's commitment to operating dynamically to reflect the needs of the Group at any given time and we continue to believe this is critical to the effectiveness of our Board.

The engagement by the whole Board with the business and our people is a key strength that supports the Board's decision making.

Executing brilliantly

- The transformation and turnaround of our Landscaping Products business has been an area of focus for the Board and, in addition to being considered at every Board meeting, the processes the business adopted to manage execution of this important strategic goal were the subject of an internal audit review
- The Board has monitored strategic progress within each of our brand powerhouses and growth engines, having the opportunity to challenge priorities in each business area
- Recognising the importance of accelerating the execution of our 'Transform & Grow' strategy in driving shareholder value and confidence, the Board acted decisively to appoint Simon Bourne, initially as Interim and then as permanent Chief Executive Officer, having received support from independent executive search consultancy Teneo

Building trust

- The Chair commissioned Russell Reynolds Associates to undertake a review of Board culture and dynamics to ensure the Board continues to operate as a high-performing team. The recommendations of this review have been built into the Board and Committees' ways of working and forward agendas
- The Chair and the Chief Executive Officer are building on their existing relationship, supporting Simon's transition into his new role and the development in his relationships with the rest of the Board

Communicating effectively

- Managing change during the last year has meant that, in addition to scheduled Board meetings, the Board has committed significant additional unscheduled time to challenge and support key decisions, particularly in relation to the transformation and turnaround of Landscaping Products. Effective communication with the Board throughout the year has underpinned the Board's ability to operate dynamically in these situations
- We have communicated in a structured and compassionate way with colleagues throughout the implementation of the various change programmes throughout the year and upheld the commitment to commission another colleague engagement survey halfway through the year. The results of this evidenced how being a great place to work underpins the delivery of our strategy and that there remains much work to do, as evidenced by the people risks identified in our principal risks and uncertainties on page 60. There is clear accountability for addressing the key priorities identified in our engagement survey
- The Executive Directors hosted a series of colleague roadshows across our network to explain our strategic plans with colleagues, creating a shared understanding of these and the roles they each play in helping the Group achieve its objectives. As part of these roadshows, the change programmes initiated across the business were addressed, with emphasis placed on how remaining resilient now will support our future growth

People

- We have successfully managed the succession of Graham Prothero when he retires at the 2026 AGM. Planning for the Chair's succession is progressing well and is being led by Graham Prothero until his retirement, when Diana Houghton (who is currently working closely with Graham) will take over in her new role as Senior Independent Non-Executive Director. Simon Bourne was appointed initially as Interim and then permanent Chief Executive Officer
- Our current Chief People Officer, Louise Furness, who retires in April this year, will be succeeded by Jo Hodge. Working alongside the Board, Jo will carry on the crucial work of Louise in evolving and implementing the Group's people strategy, as we recognise that our employee value proposition is critical to attracting, developing, retaining and engaging talented colleagues who drive our performance and share in our success

2025 Board performance review

In accordance with the UK Code, we review Board performance each year to assess and develop Board effectiveness and to identify Board priorities for the following year. As we last commissioned an externally facilitated review in 2022, we commissioned Lintstock Limited to support us in reviewing Board, Committee and individual Director performance during 2025.

Lintstock is an advisory firm that specialises in Board performance reviews and has no other connection with Marshalls or any of our Directors. Having undertaken Marshalls' last externally facilitated review in 2022, Lintstock was well placed to track progress in key areas over recent years.

The scope and objectives of the performance review were agreed following a briefing meeting with Lintstock and Lintstock collaborated with the Company Secretary to design bespoke questionnaires tailored to the Group's needs, building on the key areas explored during the internal reviews in 2023 and 2024.

As well as covering core aspects of governance such as information, composition and dynamics, the review considered people, strategy and risk areas relevant to the performance of Marshalls. The review had a particular focus on the following areas:

- Maintaining robust oversight during a period of leadership transition
- Overseeing and supporting the success of the 'Transform & Grow' strategy
- The Board's understanding of drivers of performance
- Monitoring ESG strategies and targets
- Evolving the Group's culture to support the execution of strategic priorities

Board members completed surveys assessing the performance of the Board and each of its Committees. Each Director also completed a self-assessment questionnaire addressing their own performance. Lintstock analysed the findings from the surveys and delivered a focused report documenting the findings, including a number of recommendations to increase effectiveness.

Lintstock's findings were shared with the Board and then discussed at the January 2026 Board meeting. The Chair, Chief Executive Officer and Chief Legal Officer and Company Secretary will ensure the actions and recommendations are reflected in the Board's agenda and priorities for the year ahead and that our progress is monitored and reflected on as part of the 2026 performance review.

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 (with the support of the Audit Committee) 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 preparation in implementing changes to the UK Code that will apply to the current financial year, further details of which are set out on pages 88 and 89. We are confident our preparation will support the assurances the Board will be required to provide in relation to our risk management and internal control frameworks, and the Board acknowledges that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

The Strategic Report comments in detail (pages 52 to 60) 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 Group's Risk Register is reviewed by the Board and Audit Committee every six months and our risk disclosures in this report are also reviewed as part of the approval of this report. In addition, the Chair and Non-Executive Directors conducted a standalone risk review in January 2026, the outcome of which has been incorporated into the Risk Register. Our internal and external auditors are also invited to all risk review meetings and participated in our most recent meeting in November 2025.

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.

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 84 to 89 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.

▶ **Read the Audit Committee Report on pages 84 to 89**

5
Remuneration

Our current Directors' Remuneration Policy was last approved by shareholders in 2023, and a revised Policy, which is set out in the Remuneration Committee Report on pages 92 to 112, will be submitted to shareholders for approval at this year's AGM. The revised 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 2025 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 92 to 112**

Vanda Murray OBE
Chair
16 March 2026

Nomination Committee Report

Vanda Murray OBE
Chair of the Nomination Committee

Members and attendance

	Meetings
Vanda Murray OBE – Chair	4
Graham Prothero – SID	4
Angela Bromfield	4
Avis Darzins	3
Diana Houghton	2
Paul Inman*	–

* Paul Inman joined the Nomination Committee in September 2025 but all the Committee meetings in 2025 were held before he joined.

▶ **Find our Terms of Reference and Nominations Policy at: www.marshalls.co.uk/about-us/corporate-governance**

Succession planning that supports our culture and growth.

Dear shareholder

I am pleased to report to shareholders on the main activities of the Committee and how it has performed its duties during 2025. I chair Nomination Committee meetings but would not do so where the Committee was dealing with my own reappointment or replacement as Chair.

2025 highlights

- We recommended the appointment of Simon Bourne, initially as Interim CEO, after Matt Pullen stepped down from the Board in November 2025, and then as permanent CEO in January 2026, following a robust search and selection process which included the evaluation of internal and external candidates. This was conducted with the support of independent search adviser Teneo (which has no other connection with the Company or its Directors). Whilst the Committee and the Board have supported Simon's transition into his new role, he is an established member of the Board and a longstanding member of the Group's executive management team and fully immersed in all aspects of the Group's business. His knowledge of the Group and his operational and commercial leadership experience, together with his role in developing our 'Transform & Grow' strategy, will give impetus to our desire to accelerate its execution as he understands the strengths and opportunities within our diversified portfolio of businesses
- We continued to give detailed consideration to the Board's short to medium-term succession needs, given my tenure and that of our Senior Independent Non-Executive Director and Audit Committee Chair, Graham Prothero. This included proactive engagement with shareholder governance teams throughout January 2025 to enable them to share their views
- Our succession planning culminated in the Committee's recommendation, and the Board's approval, of Paul Inman's appointment to the Board as a NED and Audit Committee Chair designate in September 2025. In addition to Paul's recent and relevant financial experience, as CFO of Yorkshire Water, he brings extensive manufacturing, operations and commercial leadership experience to the Board (as highlighted in his biography on page 63). Paul's depth of experience, including of the anticipated investment needed in the water industry, will support a much wider contribution to the Board and our strategy and enhance the Board's sector experience, knowledge and skills. Paul was appointed following a comprehensive search and selection process carried out with the support of Russell Reynolds Associates (which has no other connection with the Company or its Directors). This included interviews with the whole Board and supported the Committee's assessment of whether Paul's appointment would help us maintain our positive Board culture. Details of Paul's induction are set out on page 83
- With Graham Prothero's planned retirement from the Board after the 2026 AGM, as both Audit Committee Chair and Senior Independent Non-Executive Director (SINED), the Committee recommended that Diana Houghton be appointed to succeed Graham as SINED. Diana is an established Board member with a wealth of relevant strategic leadership experience, and we are delighted that she has accepted this opportunity. This will ensure Graham's exceptional work in this role is continued. Diana will take over as SINED, when Graham retires from the Board after the 2026 AGM
- In his role as SINED, Graham Prothero is leading the planning for my succession, with the intention of concluding our search and selection of a successor during 2026, to enable an orderly handover until my anticipated retirement from the Board in 2027. Independent search firm MWM Consulting (which has no other connection with the Company or its Directors) has been engaged to support us in finding my successor. Critical to this search is the desire to maintain our positive Board culture, in which robust challenge and support coexist, and the balance of skills, experience and cognitive diversity that makes us resilient today and equips us to drive sustainable growth tomorrow. Progress with our strategic and governance agenda will be supported by the successful conclusion of this process. I will not chair the Committee when it is dealing with the appointment of my successor
- With the support of Russell Reynolds Associates, the Chair undertook a review of Board culture and dynamics recognising that, in order to take advantage of our near and long-term strategic opportunities, whilst maintaining the discipline that underpins the Group's financial position, it is critical to ensure the Board continues to operate as a high-performing team. The outcome of this exercise was to make some changes to the Board agenda and specifically how time is allocated to each of the core elements of our 'Transform & Grow' strategy so the Board can monitor progress and support its execution. In addition, the Executive Directors and the Chief Legal Officer and Company Secretary each received individual feedback on how their roles contribute to overall Board effectiveness

Nomination Committee Report continued

2025 highlights continued

- Led by our Chief Legal Officer and Company Secretary, we completed an externally facilitated Board performance review with Lintstock's support (with it having no other connection with the Company or its Directors). In completing this, we asked the Board to not only reflect on performance over the previous year but also to project forwards, given the Board's critical role in ensuring we take advantage of the strategic opportunities that position us for growth, both in the near and long term. Committee and individual Director performance was also addressed in the review. A summary of the Board performance review is set out on page 77 in the Governance section of this report. The review also provided the opportunity for Board members to share their views on the performance of this Committee, which received very strong ratings throughout, with the Committee seen to be effective and flexible to the needs of the business. Committee discussions were assessed as being helpful and constructive (e.g. succession planning and recruitment activities for the relevant groups that are governed through the Committee's actions). The support provided to the Committee, particularly from the Chief People Officer, continues to be very effective and the Committee is well briefed and benefits from access to expertise as and when required. The appointments of Simon Bourne, Paul Inman and Diana Houghton are the outcome of the Committee's work over the last year
- As part of our succession planning, we have mapped the Board's skills and experience against our strategic agenda. This work has driven the appointment of Paul Inman to succeed Graham Prothero as Audit Committee Chair and Diana Houghton's appointment as SINED, both when Graham retires from the Board
- With the support of our Chief People Officer, Louise Furness, the Committee reflected on the performance, strengths and development areas for the Executive Team. The Committee, and the Board, continued to ensure we have visibility of the leadership development programmes the Group has in place that ensure we are nurturing our talent and how these have been impacted by the challenges of a subdued market and business performance. Understanding whether we have the people and a talent pipeline to support our transformation and growth is critical to the future sustainability of the Group
- I review individual Director performance through biannual one-to-one review meetings and the SINED meets the other Directors (without me being present) to discuss my performance. As part of these reviews we also assess whether Directors 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 2026 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
- 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. My fellow Non-Executive Directors and I are also actively mentoring and coaching other female leaders in the Group, with Diana Houghton currently working with a team of female engineers operating across our manufacturing network
- We reviewed and approved the Group's Nominations Policy and reflected on how we implemented it

2026 priorities

- Implementing our Board succession plan, including the recruitment of my successor, who will drive the Board's future agenda and support the Group's execution of its strategic plan, whilst ensuring delivery of shareholder value in a way that considers our culture and the interests of all our key stakeholders. In implementing this plan, we will seek to build on the skills and experience of the Board, ensuring we have the breadth and depth to challenge and support the execution of the 'Transform & Grow' strategy and to navigate the risks this presents
- Continuing to consider Executive Team retention, development and succession. This underpins our ability to take advantage of the Group's attractive end markets and to maintain the discipline that ensures we have the platform to do this
- As our current Chief People Officer, Louise Furness, retires in April this year, working closely with Louise and her successor, Jo Hodge, and the Board to evolve and implement the Group's people strategy. Under Simon Bourne's Executive leadership, we will drive our strong safety culture and continue to invest in the skills and provide the experience and knowledge that will equip our colleagues to deliver today's transformation and tomorrow's growth. Our employee value proposition will be critical to attracting, developing, retaining and engaging talented colleagues who drive our performance and share in our success
- Monitoring the development, support and retention of colleagues in our high-potential category, as well as our approach to recruitment for senior leadership positions, which will continue to prioritise succession from within and provide a sustainable platform for future growth
- Whilst we continue to aspire to greater gender, cultural and cognitive diversity, particularly by increasing the proportion of women in senior leadership roles, this remains a huge opportunity for the Group. We will look to build on the progress made in certain areas, for example Diana Houghton's mentorship of a group of female engineers working across the Group's operations. Whilst our recruitment practices and those of any partners we work with do not discriminate, we need to go further to build a more inclusive and diverse organisation. We must, however, do this in a realistic and balanced way that recognises the challenges our sector presents and start by educating our colleagues on the advantages this brings
- Although we continue to lead the way at Board level, with a female Chair and SINED designate, 50% 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
- We will act upon any recommendations of the externally facilitated review of the Committee's performance, building any recommendations into the Committee's agenda planning for the year ahead

> "Our Board is well equipped to challenge and support the accelerated execution of the Group's strategy and its succession planning will help it build on this."

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 2025
• 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	• Paul Inman's recruitment as Audit Committee Chair designate and Diana Houghton's agreement to become Senior Independent Non-Executive Director after the 2026 AGM help us maintain the Board's breadth and depth of relevant skills • Simon Bourne's appointment as Interim and then permanent Chief Executive Officer reflects the Group's desire to accelerate the execution of its strategy with Simon's proven operational and commercial leadership skills providing the perfect platform for him to drive this • Our priorities in finding a successor to the Chair have been identified. We have also reviewed the tenures, skills and performance of the rest of the Board against our strategic needs, which demand resilience today that supports tomorrow's growth
• 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% of the Board is female, with a female Chair and SINED designate, and one Director is from a non-White ethnic minority background • All search briefs for Board and senior management roles continue to emphasise the importance of diversity in the broadest sense and we hold our third-party partners to account on this expectation • Our key focus area is continuing to improve female representation in senior management roles within the business despite the challenges the sector presents. 40% of our Executive Team is now female, with Marie Banks having joined as our Group Chief Information Officer during 2025 • We remain focused on diversity in hiring as well as open and inclusive assessment processes for internal promotions
• 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 as evidenced by the appointments of Paul Inman and Diana Houghton. We monitor tenure and have started the succession process for our Chair, Vanda Murray, who we anticipate will rotate off the Board in 2027 • Terms of office are reviewed annually, supported by individual Director evaluations that were last conducted between December 2025 and January 2026. The 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. Teneo supported the appointment of Simon Bourne as Chief Executive Officer. We worked with Russell Reynolds Associates in appointing Paul Inman to succeed Graham Prothero and MWM Consulting has been engaged to support the appointment of a succession to our Chair. The Amrop Partnership is retained for senior management team recruitment • Beneath Board level, we have, with the support of the Chief Executive Officer and our Chief People Officer, reviewed the performance and succession of our Executive Team, 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 2025
• 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. For example, Paul Inman only had one other consultancy commitment on appointment • As part of our 2025 Board performance review, we reflected on the time committed to Board and Committee business and, given the changes to the UK Corporate Governance Code and the fact that our Remuneration Policy is to be tabled with shareholders this year, we allocated more time during 2025 to both the Audit Committee and the Remuneration Committee. The requirement for Directors to devote sufficient time to their roles is also included in their appointment terms and is 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 and also to tailor it to the needs of the role each Director performs. With Paul Inman joining as Audit Committee Chair designate, his induction allowed for time with senior leaders in our finance team whose work supports the Audit Committee in discharging its duties under the UK Corporate Governance Code. Given the pivotal role of the Chair of the Audit Committee and the specific skills required, we ensured Paul's appointment allowed sufficient time for an orderly handover until he succeeds Graham Prothero later this year • 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, for example mergers and acquisitions and takeover defence planning • Directors all commit time outside scheduled Board and Committee meetings. During the last year they have: participated in the first full review of our 'Transform & Grow' strategy since its launch in November 2024; participated in discussions on risk and internal controls; visited manufacturing sites; attended EVG meetings; and mentored colleagues, including mentorship of a group of female engineers working across our manufacturing network
• Compliance/good governance	• Conflicts policy and register reviewed no less than six monthly • Annual re-election of Directors	• Reviews in June and December 2025 • All Directors stood for election/re-election in May 2025

Feedback was sought on the performance of all our Board Committees as part of our externally facilitated Board performance review, details of which are set out on page 77. This review considered the feedback received as part of our internal performance review in 2024. The Committee Terms of Reference were reviewed in December 2025. No material changes were made, and the terms continue to reflect the requirements of the UK Code.

During the year, the Nomination Committee held five 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, governance, 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 62 and 63.

Governance

The Committee has acted throughout 2025 in accordance with the principles of the UK Code. In addition, Committee performance was considered as part of our externally facilitated Board performance review for 2025. The outcome of this is summarised on page 77. The Committee continues to effectively manage Board composition and succession, supporting Simon Bourne in succeeding Matt Pullen as Chief Executive Officer and welcoming Paul Inman to the Board and recognising the need to tailor his induction to reflect the responsibilities he will assume when Graham Prothero retires after the 2026 AGM.

Led by Graham Prothero and, on Graham's retirement, Diana Houghton, the Committee will focus on my succession and, working closely with our appointed search consultants, we will seek to maintain the skills, experience and culture we have now that will support and challenge the execution of the Group's 'Transform & Grow' strategy. 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
16 March 2026

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 and are equipped to fulfil the duties of their individual roles.

We feel this knowledge gained through our tailored induction programme, 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 our purpose, Building Tomorrow's World, and The Marshalls Way – "we do the right things, for the right reasons, in the right way". For Paul Inman's induction, we prepared a tailored induction plan, using our established plan as the foundation and reflecting his needs as Graham Prothero'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
- Details of the work supporting our compliance with Provision 29 of the UK Corporate Governance Code*
- Latest investor feedback and current shareholder register
- Biographies of the senior management team
- Employee engagement survey
- Sustainability Report
- ESG update
- Board evaluations completed in 2024 and 2025
- Access to key corporate documents
- Market research, including indicators and drivers

ENGAGE

- Pre-joining engagement with Audit Committee Chair and Chief Financial Officer
- Board one to ones
- Executive management one to ones
- Finance leadership team one to ones*
- Deloitte audit partner one to one*
- FIT Remuneration Consultants one to one, including introduction to Remuneration Policy and our incentives*
- Introduction to our risk management framework and processes*
- Site visit programme
- Introduction to our markets
- Introduction to investor relations
- Meetings with brokers and key advisers*
- EVG attendance

SUPPORT

- Orderly handover from our retiring Audit Committee Chair, Graham Prothero*
- 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 Paul Inman'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	
Paul Inman*	

* Paul Inman joined the Audit Committee on his appointment in September 2025. Three of the four meetings were held before he joined.

▶ **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 support the delivery of its strategic objectives.

Dear shareholder

On behalf of the Audit Committee, I am delighted to present the Committee's report for the year ended 31 December 2025.

Chair's statement

The Audit Committee has fulfilled a busy agenda during the year, with the regular activities expanded by detailed preparations for the implementation of requirements under Provision 29. The Committee delivered throughout 2025 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.

The Committee engaged regularly and at an appropriate level of detail, with our external auditor, internal auditor and other third-party advisers as necessary. This enabled members to maintain an appropriate understanding of how the auditors and advisers interact and test our 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. It also assessed whether the 2025 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 the new Provision 29 disclosures that will be required in 2026 Annual Report and Accounts, details of which are set out on pages 88 and 89. It also monitored and reviewed the effectiveness of the existing control environment. The scope of work of the internal audit function was approved by the Committee, 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 62 and 63.

The Chief Executive Officer and Chief Financial 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 August 2025 and March 2026 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, including assessing the significant financial reporting judgements contained within them and the description of those judgements in the Financial Statements

Audit Committee Report continued

Role and composition continued

- 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
- 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 and fee
- 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 externally facilitated Board performance review, an evaluation of the Committee's performance was also undertaken. A summary of the Board performance review is set out in the Corporate Governance Statement on page 77. The review found the Committee to be effective, benefiting from comprehensive information and support, both from the business and advisers. In addition, the review found the Committee to have clear Terms of Reference and to be well led, with the Committee Chair's succession plan well executed and progressing as anticipated. The Committee's composition provides a strong foundation for the challenge and support that underpins the assurances it provides the Board regarding the integrity of the Company's financial and narrative statements. No areas of concern were highlighted during the 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 Committee received a paper from management that set out details of the impairment review. The key areas of judgement considered by the Committee 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 present 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 £26 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 2025 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. After 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 2025 Annual Report and Financial Statements is fair, balanced and understandable.

External audit

Deloitte LLP tenure and audit partner

Deloitte LLP was reappointed as the external auditor in 2024 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 2025 audit is the third 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 Committee Report continued

External audit continued

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 2025 are analysed in Note 3 on page 134. Other than the half yearly review of Marshalls plc, for which a fee of £42,000 was charged (2024: £40,000), no amounts were paid for non-audit work during 2025.

External audit effectiveness

The Committee considered the effectiveness of the 2025 audit by critically assessing the scope of work and the results of the audit work undertaken and concluded that the audit was effective, and the audit process was well managed by both management and Deloitte LLP.

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
- 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 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 2025 internal audit plan comprised a review of the Supply Chain Ethics and Resilience, IT vendor risk management, the Delegation of Authority design, and the Landscape Products Improvement Plan. This is in addition to support on the Group's project to refine its internal control environment in line with the revised UK Code, clarifying and codifying 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 2025. 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.

Audit Committee Report continued

Whistleblowing and anti-bribery continued

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 2026 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
16 March 2026

Audit Committee Report continued

Provision 29 readiness

Throughout the year, the Audit Committee closely monitored the effectiveness of the Group's risk management and internal control framework, receiving regular updates on control performance, developments in the risk environment and progress against the internal control enhancement programme. This ongoing work included reviewing first-line self-assessment outcomes, second-line oversight activity and third-line internal audit reporting, all of which informed the Committee's understanding of control operation during the year.

The Group invested effort to strengthening its internal control environment in preparation for Provision 29. During 2025, the Group ran a full pilot of its enhanced assurance programme, allowing management and the Board to test and refine both process and documentation. This included substantial work to develop, validate and embed the Group's Risk and Control Matrix (RACM) across financial, operational, reporting and compliance controls, ensuring that it functions as a dynamic, up-to-date record of the control environment.

During the year, the Group also undertook detailed work to identify and agree its material controls. Drawing on the principal risks, management prepared proposals which were reviewed through a Board-led sub-group before approval by the full Board. This work was supported by assurance mapping and in-year testing, ensuring that the controls identified as material were appropriately evidenced and aligned with the Group's risk appetite as well as its long-term sustainability priorities.

The Committee received reports at each meeting summarising the in-year assurance work undertaken across the three lines of defence including progress with control testing, emerging findings, remediation activities and the development of the Group's internal control framework. Supported by the outputs of the pilot programme, the Board concluded that the Group is well positioned to provide the required declaration on the effectiveness of material controls for the year ending 31 December 2026.

Provision 29 declaration

The Chief Financial Officer provides an update on material scope and assurance programme activities at each Board and Audit Committee meeting. Further information has been presented to the Board at regular intervals to allow the monitoring and review of the effectiveness of the control framework. This additional information supports the Board's declaration of effectiveness of the material controls as at the Balance Sheet date.

As part of the preparatory work towards compliance with Provision 29 of the Code, the Group treated 2025 as a "pilot year" by operating the assurance programme as it intends to do in 2026. The pilot year provided an opportunity to make refinements to the design and operation of both material and core controls using outputs from the Group's assurance approach. At the conclusion of the 2025 assurance programme the Board prepared a mock declaration to conclude on the assurance activities and agree on the anticipated wording for the 2026 Provision 29 declaration.

Audit Committee Report continued

Lines of defence

Board
Ultimate responsibility for the Group's risk management and internal control framework and the review of its effectiveness.

Audit Committee
It is the Committee's responsibility, on behalf of the Board, to 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. The Committee, on behalf of the Board, monitors the Group's systems of internal control including financial, operational and compliance and risk management systems, and performs an annual review of their effectiveness.

Senior management and risk owners
Responsible for embedding and operating the risk management and internal control framework within their respective business areas and developing an effective risk culture.

First line
Control owners and operators

Control owners and operators have responsibility for managing risks as part of their everyday activities. This responsibility is performed through the operation of controls and the requirement to identify, measure, manage and report on risks and controls at an operational level. The first line is further responsible for identifying the need to add, modify or remove a control. The first line completes self-assessment exercises to provide assurance over the design and operating effectiveness of all internal controls in the Risk and Control Matrix (RACM).

Second line
Group risk and controls

The second line encompasses risk management and compliance functions responsible for establishing policies, providing oversight and guidance to the first line, creating a strong controls environment and operating the internal programme of control assurance for the Board. The second line is responsible for facilitating the ongoing operation of the risk and control framework including the identification and assessment of risks, and reporting to management and the Audit Committee.

The second line is responsible for maintaining the Risk and Control Matrix (RACM), managing the internal control self-assessment programme, operating the second line assurance programme and supporting control remediation.

Third line
Internal audit

The third line primarily relates to the internal audit function, currently undertaken by KPMG LLP. The annual internal audit programme uses a risk-based assessment that considers the Risk Register and management input. The internal audit programme includes both regular audit checks and assignments to look at areas of critical importance. Internal audit additionally provides advisory support on the enhancement of the internal control environment in-line with the revised Corporate Governance Code including assistance in the development of the RACMs. The third line may additionally be represented by external third parties who are engaged to undertake audits or assurance activities over specialist areas as guided by either management, the Board, Audit Committee or regulatory/legislative requirements.

Fourth line
External independent bodies including our external auditors

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	2
Diana Houghton	1
Paul Inman*	1
Simon Bourne, Chief Executive Officer	3
Justin Lockwood, Chief Financial Officer	3
Matt Pullen, Former Chief Executive	2

* Paul Inman joined the ESG Committee on his appointment in September 2025. Two of the three meetings during 2025 were held before he joined.

▶ **Find our Terms of Reference at: www.marshalls.co.uk/about-us/corporate-governance**

Dear shareholder

The ESG Committee is now entering its third year and we remain committed to providing oversight and supporting the delivery of the ESG strategy.

With a focus on our strategic objectives and how our carbon leadership can help us drive commercial advantage, we were heavily invested in reviewing the new ESG framework, Built for the Future, its alignment to our 'Transform & Grow' strategy and its contribution to commercial success.

During 2025, 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.

In this report, we outline our governance structure, the main matters considered by the ESG Committee in 2025 and our priorities for the year ahead.

Governance

Our Terms of Reference set out specifically the areas of responsibility for the Committee, including:

- Supporting and challenging 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 on the implementation of our ESG strategy
- Reviewing ESG corporate communications

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 the Finance, Sustainability, Legal and Marketing functions. The ESG delivery team feeds into the ESG Steering Committee which scrutinises and ensures ESG strategy implementation is on track, and is responsible for any material ESG-related decisions and investments. Outputs and actions from the ESG Steering Committee are reported directly to the ESG Committee.

Strategy

In 2025, we reviewed our ESG framework in line with our 'Transform & Grow' strategy to ensure a clear link to our strategic objectives, priorities within our growth engines and brand powerhouses (as described on page 2) and our overall purpose of Building Tomorrow's World, as well as maximising opportunities for competitive advantage.

Our new ESG framework, Built for the Future, is focused on three areas:

- Environmental – shaping our **road to net-zero** to achieve our science-based target of net-zero by 2050
- Social – doing the right thing for our colleagues and promoting **skills and community** activity for the next generation in our industry
- Governance – ensuring we prioritise **trust and transparency** in our interactions with our stakeholders

Our strategy continues to focus on ensuring our customer needs are front and centre, and supporting our individual businesses with their ESG priorities.

▶ **Find out more on page 11**

ESG Committee Report continued

2025 highlights

The Committee met three times in 2025 and discussions touched all areas of environmental, social and governance activity at Marshalls, including:

- ESG strategy review
- Science-based targets update
- Annual activity plan review and new ESG framework
- Product marketing strategy
- Approach to climate-related risks and opportunities
- Non-financial reporting frameworks and standards
- Setting of KPIs

During the year, the Board also considered and approved the Group's Carbon and Climate Change Policy, Environmental Policy, Health and Safety Policy and Corporate Responsibility and Social Value Policy.

2026 priorities

The ESG Committee will continue to provide oversight of the ESG strategy, with a focus on commercialising our sustainability initiatives, ESG metrics, internal ESG controls, ESG data, 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 of the ESG Committee
16 March 2026

Remuneration Committee Report

Annual Statement

Angela Bromfield
Chair of the Remuneration Committee

Members and attendance

	Meetings
Angela Bromfield – Chair	8
Vanda Murray OBE	8
Graham Prothero	7
Avis Darzins	8
Diana Houghton	7
Paul Inman*	2

* Paul Inman was appointed to the Remuneration Committee in September 2025. Six of the eight meetings during 2025 were held before he joined.

The CEO 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**

Evolving our Remuneration Policy to focus on driving sustainable long-term growth

2025 highlights

- Undertook a comprehensive review of the Directors' Remuneration Policy (Policy) including engagement with shareholders, in readiness for the Policy to be put to shareholders for approval at the Company's 2026 AGM
- Agreed the leaver arrangements for Matt Pullen when he stepped down from the Board in November 2025. At the same time, agreed the remuneration terms for Simon Bourne's Interim CEO appointment, and then in January 2026, for his appointment as permanent CEO
- Delivered a pay award of 3% from 1 January 2026 for the vast majority of our colleagues. Executive Team and senior leaders allocated differentiated pay awards based on performance from an overall budget of 3%. The Chair, Non-Executive Directors and CFO received a 3% increase
- Agreed the incentive plan outcomes for 2025, taking into account the formulaic outturn and the wider stakeholder experience
- Applied downward discretion, in line with the Remuneration Policy, on the 2022 Management Incentive Plan (MIP) B Award given the financial underpin, over the three-year vesting period, was not achieved
- Agreed provisional incentive plan targets for 2026
- As part of the externally facilitated Board performance review, we undertook a review of the Committee's performance with a positive outcome and areas for development built into the Committee's agenda for 2026
- 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
- Maintained our commitment to the Real Living Wage

Angela Bromfield is the Company's designated Non-Executive Director for employee engagement. The Chair of the Board and other NEDs also regularly attend EVG meetings.

2026 priorities

- Monitor developments in corporate governance and reporting requirements
- Seek shareholder approval for our Directors' Remuneration Policy and a new long-term incentive scheme (as anticipated by the revised policy) at our 2026 AGM
- Set and communicate incentive scheme targets for 2026
- Oversee focus on wider workforce reward for all colleagues in the context of the policy review, 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

Dear shareholder

On behalf of the Board, I am pleased to set out in this report how the Committee has carried out its objectives and responsibilities during 2025.

The report consists of:

- My Annual Statement, as Chair of the Committee
- 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
- The 2026 Directors' Remuneration Policy, which will be put to shareholders for approval at our 2026 AGM

Our Directors' Remuneration Policy was approved by shareholders in May 2023 and 2025 marked the final year of the three-year Policy. During 2025, the Committee undertook a comprehensive review of senior executive and workforce remuneration with a focus on achieving our strategic objectives and driving sustainable long-term growth. I am grateful for the feedback we received from our shareholders, which has been incorporated into the final design of the proposed 2026 Directors' Remuneration Policy. This Policy will be put to a binding shareholder vote at the 2026 AGM, alongside the usual advisory vote on the Directors' Remuneration Report and a vote to approve the new Long Term Incentive Plan (LTIP).

We were pleased to see c.98% of votes cast in favour of the advisory vote on the Remuneration Report at the 2025 AGM. We look forward to your continued support.

Remuneration Committee Report continued

Annual Statement continued

Business performance

As noted in the Strategic Report, the Group's end markets continued to be challenging in 2025 and whilst the Group returned to revenue growth, adjusted profit before tax was lower than the Board's original expectations at £43.7 million.

Significant action was taken in 2025 in the Landscaping Products reporting segment to improve the Group's financial performance including strengthening the leadership team and customer relationships alongside reducing complexity and the cost base by an annualised £11 million. The Group has continued to focus on closely managing working capital and optimising cash flow, which resulted in strong cash conversion at 88%.

The Group's key strategic KPIs are shown on pages 17 and 18 of the Strategic Report.

2025 incentive outcomes

During the year, the Company operated the MIP. At the start of the year, the Committee set Earnings Per Share (EPS) and cash conversion (being the ratio of operating cash flow to EBITDA) measures. Two moderators which could reduce the financial outcome, also applied and these were based on carbon objectives and health and safety.

The EPS measure had a weighting of 75% and the 2025 outcome was 13.4 pence. Reflecting the weak activity levels in our key end markets and lower than expected profitability in Landscaping Products, this outcome was below the threshold set and therefore there was no MIP contribution in respect of the EPS measure. The cash conversion measure determined 25% of the MIP contribution. The operating cash flow to EBITDA ratio was 88% and this was above the maximum target set. Accordingly, this element was met in full.

Based on the financial outcomes, the MIP outturn of 25% of maximum was subject to two ESG moderators. For 2025, these were:

- A carbon reduction target, linked to the Company's sustainability strategy and based on a group of projects in support of continuing to reduce carbon consumption across the Group. These were all successfully delivered
- A Group-wide health and safety measure, based on the lost time injury frequency rate for 2025. The injury rate was lower than 2.99 (and the previous year) so this moderator was also achieved

As a result of achieving both of these objectives, there was no downwards moderation applied to the MIP financial outcome of 25% of maximum.

The Committee considered whether any discretion was required to adjust the formulaic outcome given the profit measure was not achieved. The Committee determined that this was not necessary and, in doing so, we considered the following factors:

- Management acted decisively in response to the challenges that the weaker market presented and took action to improve agility, align capacity with demand, and reduce costs whilst ensuring sufficient capacity to cope with any reasonable upturn in activity levels
- Management continued to execute the 'Transform & Grow' strategy which: (i) re-established positive customer relationships in Landscaping Products and returned the business to volume growth; (ii) achieved record revenues in Viridian Solar alongside a significant growth in profit; and (iii) resulted in Water Management revenues growing by 15%
- High levels of cash flow preservation in a year when EBITDA was lower through effective working capital management, management of capital expenditure and asset sales

Reflecting the resilient performance of the management team during a challenging period, the Committee believes the MIP outturn is appropriate for 2025. Therefore, no discretion has been applied.

The MIP A Plan contribution for Executive Directors was, therefore, 25% of maximum (or 37.5% of salary) and a corresponding MIP B grant to the value of 25% of salary will be granted in 2026.

The business performance in 2022 resulted in a MIP B share award being granted in March 2023. An EPS underpin is attached to this award which provides the Committee with the ability to reduce vesting if it deems it appropriate. The EPS underpin was not achieved. The Committee applied downward discretion, in line with the Directors' Remuneration Policy, reducing the element of the award subject to discretion by 40% (20% of the total award). When combined with share price movements, the value of the vesting award is more than 50% lower than the original grant value. The Committee believes this reduction is appropriate after taking into account the share price movement over the period and that the awards were based on performance that had been achieved in 2022.

The Committee did not apply malus or clawback to any incentive awards during 2025.

Board changes

On 26 November 2025, Matt Pullen stepped down from the Board and the role of Chief Executive. In accordance with his service agreement, Matt receives a payment in lieu of notice comprising salary and pension allowance for the duration of his notice period, paid in monthly instalments, together with outplacement fees. He continues to receive medical cover until the end of the current insurance policy period and a contribution towards medical cover until the end of his notice period. In accordance with our current Directors' Remuneration Policy, he did not receive a MIP contribution for 2025. The value of the notional shares that had accrued in Matt's MIP A Plan Account in respect of past performance, were paid in cash. Matt's 2025 MIP B awards (which were also based on performance in 2024) will vest on their normal vesting date subject to the satisfaction of the underpin and a pro-rata reduction. This is in line with the 2023 Directors' Remuneration Policy.

Simon Bourne, who was the Group's Chief Commercial Officer, was appointed Interim Chief Executive Officer on 27 November 2025. Following an internal and external search, Simon was appointed Chief Executive Officer on 19 January 2026. Simon's base salary has been set at the same level of his predecessor and his salary will next be reviewed in 2027.

Review of the Directors' Remuneration Policy

A major focus of the Committee over the course of 2025 was to undertake a detailed review of the Policy to ensure that our new Policy continues to support Marshalls 'Transform & Grow' strategy and our culture effectively.

Policy review context

In 2024, the Board undertook a rigorous wide-ranging review of the Group's businesses and this culminated in the launch of the 'Transform & Grow' strategy. The strategy centres around the Group's customers who value our unique set of capabilities, namely leading brands, best in class technical and design support and carbon leadership. This is underpinned by business excellence, leadership in ESG and being a great place to work. The Group's business units are categorised as either "brand powerhouses" or "growth engines" and each has a strategic imperative that acts as a "north star" for strategic delivery.

Clear medium-term market outperformance revenue growth targets were set out for each business unit alongside medium-term targets for Group operating margins, cash conversion and return on capital employed. The management team is now accelerating on execution of the strategy.

Remuneration Committee Report continued

Annual Statement continued

Review of the Directors' Remuneration Policy continued

Policy review context continued

The Group's business units are investing in the building blocks that will enable them to access the growth drivers that are expected to support their market outperformance targets. However, key end markets continue to be weak, and this has impacted the timing of profit recovery and resulted in an acceleration of the network optimisation elements of the Landscaping Products improvement plan.

The cyclical nature of the Group's end markets, combined with the operational leverage inherent in our operations, makes it very challenging to set medium-term profit targets that act as an incentive to the management team. This is because variations in the recovery profile of key end markets can materially impact profitability, with changes in business volumes affecting operational leverage.

Proposed changes to remuneration – moving to an annual bonus and restricted shares

The Remuneration Committee review sought feedback from a number of internal and external stakeholders and it became clear, as part of the review, that the MIP was no longer the optimal structure for Marshalls. The main drawbacks of the MIP are:

- **Complexity**: the MIP's delivery mechanisms are complicated (short-term cash, deferred cash, notional shares all held in a Plan Account (Part A) and deferred shares (granted under Part B of the MIP))
- **Lack of long-term reward and limited retention**: the long-term element of the MIP (Part B) is linked to the annual outturn which results in limited long-term alignment and retention when annual outcomes are modest
- **Lack of understanding**: it is not well understood by participants below executive level or investors, and it presents reporting challenges

In light of the above, the Committee has decided to move to the UK PLC standard model of operating an annual bonus scheme alongside a three-year long-term incentive scheme.

The Committee considered introducing performance shares but feel that it is very difficult to set robust medium-term targets at the current time in light of the uncertain economic and political climate impacting our sector/industry, the cyclical nature of the Group's end markets and the uncertain timing of a market recovery.

While the MIP has several drawbacks, it did not require the Committee to set three-year targets as MIP outcomes were based on an annual assessment of performance. The Committee is keen to retain the benefit of not setting three-year targets for the purposes of remuneration in the current challenging circumstances, at the same time, introduce a focus on longer-term performance by implementing a restricted share scheme as the sole long-term incentive vehicle.

In doing so, the Committee considered two other factors:

- **Strategic alignment**: our remuneration strategy needs to provide the management team with flexibility to focus on the evolving longer-term strategic priorities within 'Transform & Grow', which will benefit shareholders over a much longer timeframe than is reflected in a typical three-year performance period under a classic LTIP (performance shares). Restricted shares will help encourage a mindset which is aligned to the shareholder experience through long-term value creation throughout the industry cycle
- **Stewardship, simplicity and retention**: as mentioned above, the MIP is not well understood beyond our leadership team and, therefore, is not incentivising and motivating employees in the way we originally intended. Restricted shares are clear and understandable and provide participants with direct alignment with shareholders and long-term stewardship of the share price. In the current market environment, retaining senior talent has become an even more critical challenge. The move to restricted shares strengthens our ability to retain and incentivise key leaders

The annual bonus will be based on measures determined by the Committee at the start of each financial year and stretching targets and objectives will be set. In line with expected and typical practice, one-third of any bonus earned will be deferred in Marshalls shares which vest after two years. Consistent with recent developments in this area, the proportion of bonus deferred will be linked to the achievement of the 200% of salary shareholding guideline for Executive Directors so that, if the guideline has been met, the proportion of bonus that is deferred is reduced to 20%.

Restricted share awards will vest after three years and a two-year post-vesting holding period will apply for Executive Directors. Awards will vest contingent on the participant still being employed at the vesting date and the satisfaction of an underpin.

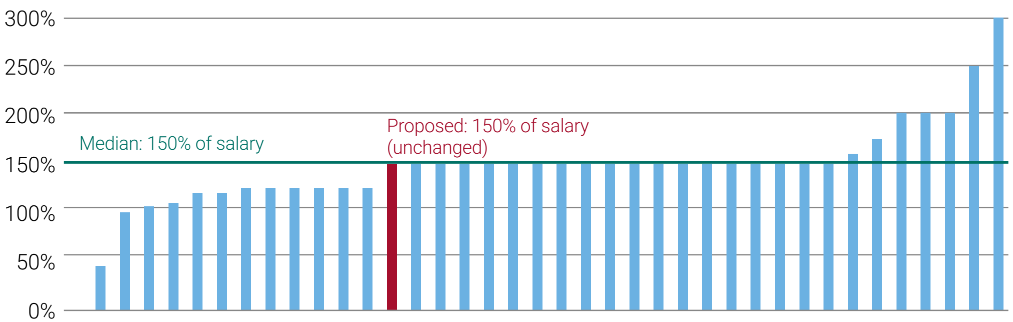
Annual bonus and restricted share quantum

In moving from the MIP structure to a more traditional annual bonus and long-term incentive structure, the Committee considered market rates to ensure proposed pay levels are fair but not excessive for this size of company.

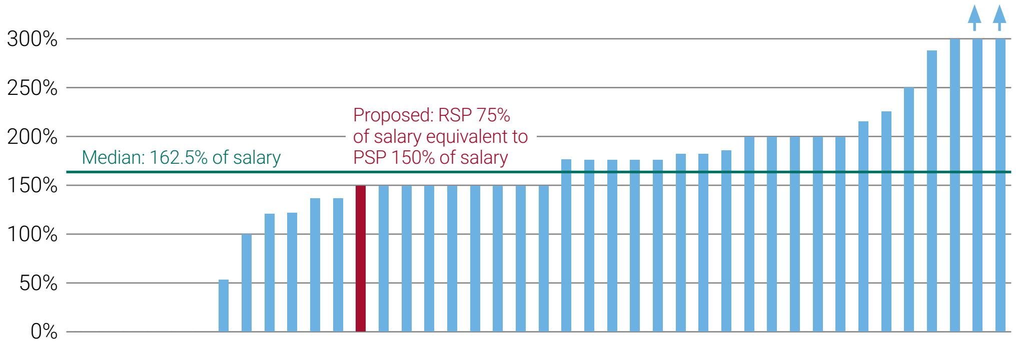
A benchmarking exercise looking at main market companies of a similar size to Marshalls showed the median CEO bonus and performance share levels to be 150% and 163% of salary respectively. In line with the generally accepted principle of taking a 50% discount to the performance share quantum, the equivalent mid-market restricted share quantum is c.81% of salary. The Committee is proposing to set the bonus opportunity at 150% of salary (in line with market levels) and the restricted share maximum at 75% of salary (i.e. slightly below market). The restricted share quantum is also at the lower end of the market range of award levels in comparable listed construction and building supplies companies.

The Committee appreciates that there are a number of different approaches when conducting benchmarking analysis and is confident that the approach we have taken is appropriate and proportionate for the business.

CEO Annual Bonus Max (% of salary)



CEO LTIP Face Value – PSP equivalent (% of salary)



Remuneration Committee Report continued

Annual Statement continued

Review of the Directors' Remuneration Policy continued

Restricted share underpin

Restricted shares are granted at a lower quantum than is the case for performance shares. The reduction in award level takes into account that there are no performance measures. Nevertheless, the Committee will apply an underpin to restricted share awards which will enable it to reduce vesting if, in the round, there has been material underperformance. The Committee has developed an underpin assessment framework that includes consideration of strategic delivery, financial health, governance and the broader stakeholder experience. Performance against this underpin framework will be reviewed annually by the Committee.

	Factors the Committee may consider:
Strategic priorities	Delivery of key strategic objectives over the vesting period including operational performance
Financial health	The overall financial health of the business, which may have regard to Company KPIs. This could include profitability, revenue and cash generation, return on capital and Balance Sheet strength. The Committee will also consider shareholder experience (share price and dividends). The financial and shareholder assessments may consider absolute and/or relative performance against the market
Governance	A consideration of the control environment and our commitment to sustainability
Stakeholder experience	Consideration of key stakeholders including employees, customers, suppliers and shareholders

We recognise the challenges in setting and assessing performance against an underpin but believe the above framework will result in a structured and robust assessment while also providing more clarity to participants and investors. It will also provide a safeguard which avoids payments for failure.

Employees

For the vast majority of our colleagues a pay rise of 3% has been applied in 2026. We have maintained our commitment to the Voluntary Living Wage. Senior leaders have their pay determined by their performance and contribution but within an overall pot of 3%. We have increased our minimum life assurance cover and extended the scheme to colleagues in Viridian Solar. We introduced, on a pilot basis in certain parts of the Group, a holiday buying scheme. If this pilot delivers the benefits we believe it will, we will consider extending it further in 2027.

Implementation of Remuneration Policy in 2026

As set out above, Simon Bourne's base salary has been set at the same level of his predecessor (£597,400) and will next be reviewed in 2027. Justin Lockwood's base salary has been increased by 3% in line with the workforce rate.

- Simon Bourne – £597,400
- Justin Lockwood – £468,971

The pension contribution remains aligned to the workforce contribution rate of 5% of salary and there are no changes to benefits.

The 2026 annual bonus opportunity will be 150% of base salary and will be based on EPS, cash conversion and strategic objectives. Full details of the targets and their outcomes will be reported retrospectively in next year's report.

The first restricted share awards will be granted following shareholder approval of this Policy and our new LTIP at the 2026 AGM. The face value of awards will be 75% of salary. In future years, the Committee will consider the prevailing share price at the date of grant relative to grants in previous years when determining the actual award level. As this is the first award of restricted shares, such an assessment is not possible.

In line with the wider workforce, the NED and Chair fees have been increased by 3%.

Conclusion

The business delivered a resilient performance in challenging market conditions and this resulted in a relatively modest MIP contribution. Reflecting the fall in earnings over the last three years, the Committee has applied downward discretion on the outcome of the MIP Element B award granted in March 2023.

The Committee has undertaken a comprehensive review of remuneration and is grateful to investors for sharing their views on the new incentive structures. I hope you will be supportive of the remuneration resolutions being tabled at the 2026 AGM.

I would like to thank our shareholders for their support during the year. I will be available at the Company's 2026 AGM to answer any questions in relation to this Remuneration Committee Report.

Angela Bromfield
Chair of the Remuneration Committee
16 March 2026

Remuneration Committee Report continued

Annual Report on Remuneration

Implementation of the Policy in 2026

Subject to shareholder approval of the Directors' Remuneration Policy at the 2026 AGM, the Policy will be implemented as follows during 2026:

Element of pay	How we will implement the Policy in 2026
Salary	Simon Bourne's base salary has been set at the same level of his predecessor at £597,400 and will next be reviewed in 2027. Justin Lockwood's base salary has been increased by 3% in line with the workforce rate. • CEO, Simon Bourne – £597,400 • CFO, Justin Lockwood – £468,971
Benefits and pension	The Executive Director's pension contribution is 5% of salary, which is aligned with the majority of the wider workforce.
Annual bonus	Maximum opportunity of 150% of salary with target set at 50% of opportunity and threshold at 0%. The performance measures are: • EPS (60%) • Cash conversion: Ratio of OCF to EBITDA (20%) • Strategic objectives (20%)
Restricted shares	Restricted share awards with a face value of 75% of salary will be granted to Executive Directors. These awards will vest after three years subject to continued service and achieving an underpin. Vested awards will be subject to a two-year holding period.
MIP B awards	The final MIP B award will be granted in March 2026. The value is based on the 2025 performance outcome (25% of maximum). The awards, with a face value of 25% of base salary, will be granted in March 2026. Awards will vest after three years and will be subject to the achievement of an average EPS underpin. 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%. The fee increases are effective from 1 January 2026. • Chair fee – £245,625 • Non-Executive Director base fee – £61,167 • Chair of a Committee fee (other than for the ESG Committee) – 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 Report on Remuneration continued

Single total figure of remuneration in 2025: Executive Directors (audited)

	Fixed						Annual bonus				Long-term incentive							
	Salary		Other benefits		Salary supplement (in lieu of pension)		MIP A		MIP B		MIP A and B		Total		Total fixed		Total variable	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Simon Bourne	**448**	409	**9**	23	**22**	20	**84**	169	**56**	112	**87**	87	**706**	821	**479**	452	**227**	369
Justin Lockwood	**455**	442	**5**	11	**23**	22	**85**	182	**57**	122	**99**	90	**724**	869	**483**	475	**242**	394
Matt Pullen (e)	**538**	569	**69**	50	**27**	28	**—**	235	**—**	156	**136**	—	**771**	1,038	**634**	647	**136**	391
Total	**1,441**	1,420	**83**	84	**72**	70	**169**	586	**113**	390	**322**	177	**2,201**	2,728	**1,596**	1,574	**605**	1,154
			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 received an allowance, payable monthly, for travel to and from his primary work location. These were subject to tax and National Insurance deductions. He was also paid his contractual holiday entitlement balance (pro-rated to the leave date).

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 2025 MIP was 25% of maximum. MIP A for 2025 reflects the amount to be released in cash in relation to the MIP A plan contribution (i.e. 50% of the total 2025 MIP A Plan contribution). The residual balance is held until March 2027. MIP B reflects the 50% of the MIP B awards to be granted in March 2026 in relation to 2025 performance which are not subject to forfeiture.

d) The long-term incentives column shows: (i) the value of the MIP A Plan Account to be released as cash in March 2026 less half of the MIP A Plan contribution for 2025 (shown as Bonus MIP A); plus (ii) the estimated vesting value of the 2023 MIP B award (which was subject to an underpin based on performance end 31 December 2025) valued using the three-month average share price to 31 December 2025 (173.9 pence).

e) The salary and benefits reported for Matt Pullen have been pro-rated to the date he stepped down as Chief Executive on 26 November 2025. There was no contribution made to MIP A for 2025 performance. The payment within the MIP A and MIP LTI column represents the brought forward balance of the MIP A Plan Account from 2024 that was paid upon his stepping down as Chief Executive (see page 98 and 99 for more details).

Single total figure of remuneration in 2025: Non-Executive Directors (audited)

	Board fee		Committee fees		Taxable expenses (a)		Total	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Vanda Murray OBE Chair, Chair of Nomination Committee, Chair of ESG Committee and member of Remuneration Committee	**238**	232	**10**	10	**10**	15	**258**	257
Graham Prothero Senior Independent Director, Chair of Audit Committee and member of Remuneration, ESG and Nomination Committees	**59**	58	**20**	20	**1**	—	**80**	78
Angela Bromfield Chair of Remuneration Committee, member of Audit, ESG and Nomination Committees and designated NED for employee engagement	**59**	58	**20**	20	**5**	8	**84**	86
Avis Darzins Member of Audit, Remuneration, ESG and Nomination Committees	**59**	58	**—**	—	**4**	4	**63**	62
Diana Houghton Senior Independent Director designate and member of Audit, Remuneration, ESG and Nomination Committees	**59**	58	**—**	—	**3**	2	**62**	60
Paul Inman Audit Committee Chair designate and member of the Remuneration, ESG and Nomination Committees	**17**	—	**—**	—	**1**	—	**18**	—
Total	**491**	464	**50**	50	**24**	29	**565**	543

Note:

a) 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.

Remuneration Committee Report continued

Annual Report on Remuneration continued

Outcomes of incentive schemes in 2025 (audited)

2025 MIP performance conditions

	Threshold (0% payable)	Maximum (100% payable)	Actual 2025	Outcome (% total award)
EPS (75% of maximum)	14.8p	18.1p	13.4p	0%
OCF to EBITDA ratio (25% of maximum) (a)	67%	82%	88%	25%
Non-financial targets (carbon reduction/health and safety)	–	–	Achieved	–
Aggregated total	–	–	–	25%

Note:

a) The 2025 OCF % to EBITDA target was set with reference to budget and the assumed reversal of a one-off item that temporarily benefited working capital in 2024. As noted in the 2024 Remuneration Committee Report, the 2024 outturn of this measure was adjusted downwards due to this one-off item.

Non-financial targets

The financial outcome of MIP A was subject to two modifiers that could reduce the MIP A contribution. These related to carbon reduction objectives and health and safety. The carbon reduction target is aligned to the Company's commitment to our sustainability strategy. For 2025, the target was based on a suite of project deliverables (relating to usage of diesel and LPG in both our mobile (yellow) plant and our forklift truck fleet) to support that reduction. These were all successfully completed.

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 2025 incentive schemes required this rate for the year, to be no worse than 2.99. The outcome was 1.54.

As both the carbon and health and safety objectives were met, there was no downwards reduction to the MIP contribution. The MIP A contribution for 2025 was 25% of maximum (or 37.5% of salary).

MIP awards relating to 2025 performance

MIP A

Third year of MIP A cycle 4

	Matt Pullen	Justin Lockwood	Simon Bourne
Value of brought forward balance (1 January 2025)	£234,712	£233,842	£213,988
Share price impact	(£98,281)	(£101,153)	(£92,565)
Brought forward balance (current share price)	£136,431	£132,689	£121,423
Dividends added during 2025	–	£5,720	£5,234
Released at time of cessation (26 November 2025)	£136,431	–	–
Value of MIP A contribution for Plan year 2025 25% of 150% of salary maximum (i.e 37.5% of salary)	–	£170,742	£168,062
Plan Account balance after 2025 MIP A contribution	–	£309,151	£294,719
Cash element to be released in March 2026 (half of Plan Account)	–	£154,575	£147,360
Closing balance at 31 December 2025	–	£154,575	£147,360
Number of notional shares represented by closing balance (based on average 30 day share price to 31 December 2025 176.3 pence)	–	87,677	83,584

Notes:

a) Matt Pullen did not receive a MIP A contribution in respect of 2025 performance. The value of the notional shares that had accrued in Matt's MIP A Plan Account in respect of past performance were paid to him. The balance of Matt's MIP A Plan Account comprised 75,543 shares, the value of which at the time of cessation, using the mid-market share price on 27 November 2025 (180.6 pence) was discharged as a cash payment subject to normal deductions of tax and National Insurance. No notional dividends were applied to his brought forward balance.

b) The closing balance is converted into notional shares by reference to the mid-market average value for the 30-day period ended 31 December 2025 (176.3 pence).

c) 50% of the earned MIP A Plan Account (including the addition of the 2025 MIP A Plan contribution) is released to the participant in cash following the year end; the remaining 50% is retained into the participant's MIP A Plan Account and converted into notional shares. The residual balance is held until March 2027.

Remuneration Committee Report continued

Annual Report on Remuneration continued

MIP awards relating to 2025 performance continued

MIP B (2026 award to be granted in respect of 2025 performance)

	Matt Pullen	Justin Lockwood	Simon Bourne
Total number of shares to be awarded	—	64,564	63,551
Percentage of salary	—	25%	25%
Face value - not subject to any further conditions (£)	—	£56,914	£56,021
Face value - subject to EPS forfeiture conditions (£)	—	£56,914	£56,021
30-day average share price at the performance year end	n/a	£1.763	£1.763

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% of the 2026 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% plus any dividends accrued are included on vesting and will feature in the 2028 single figure (subject to the underpin assessment).

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% 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 awards are nil-cost options and the exercise price is £nil. The number of awards is based on the 30-day average share price during December 2025 (176.3 pence).

e) Matt Pullen will not receive a MIP B award in 2026 relating to 2025 performance.

MIP B award (2023 awards vesting)

MIP B awards were granted on 15 March 2023 which vest after three years subject to the achievement of an EPS underpin which was set at 22.4 pence (based on average performance over 2023–2025). The actual average EPS over the period was 15.2 pence and therefore the underpin was not met. The Remuneration Committee applied downward discretion, in line with the Directors' Remuneration Policy, reducing the element of the award subject to discretion by 40% (20% of the total award). The Committee believes this reduction is appropriate after taking into account the share price movement over the period.

	Number of awards granted	Notional dividends added during vesting period	Total award	EPS underpin requirement (pence)	Actual EPS (2023–2025 pence)	Downward discretion on vesting	Number of awards forfeited	Number of awards vesting	Vesting date
Simon Bourne	35,294	3,732	39,026	22.4	15.2	(20%)	7,805	31,221	March 2026
Justin Lockwood	44,905	4,748	49,653	22.4	15.2	(20%)	9,931	39,722	March 2026

Awards vesting 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	Interests at 31 December 2024	Awards granted during the year	Awards vesting during the year (d)	Awards lapsed during the year	Interest at 31 December 2025 (e)	Date of vesting
Simon Bourne	March 2022	26,180		29,199		—	March 2025
	March 2023	35,294				35,294	March 2026
	March 2024	37,850				37,850	March 2027
	March 2025		72,399			72,399	March 2028
Justin Lockwood	March 2022	23,759		26,499		—	March 2025
	March 2023	44,905				44,905	March 2026
	March 2024	43,068				43,068	March 2027
	March 2025		78,251			78,251	March 2028
Matt Pullen (a)	March 2025		100,739		79,929	24,108	March 2028

Notes:

a) Matt Pullen's 2025 options in relation to 2024 performance were pro-rated from the grant date to the leave date. The awards will vest on their original vesting date (March 2028) and remain subject to an underpin. The 2023 Executive Director Remuneration Policy requires Executive Directors to maintain a shareholding equivalent of 200% of leaving salary for the first year after cessation and 100% for the second year. Matt Pullen's actual shareholding is below the minimum requirement and therefore his interest in the 2025 MIP B awards will remain until the date of vesting.

b) An underpin applies to the MIP B awards. If an underpin is not met up to half of the MIP B awards may lapse. The underpin for the March 2023 award was not met based on the three-year average EPS over the relevant periods.

c) There is a two-year holding period following the vesting of all MIP B options.

d) Awards vesting during the year include the value of dividend equivalents.

e) For the March 2023 MIP B award the figures in this table are before the forfeiture that will be applied on vesting as shown in the MIP B award (2023 awards vesting) table adjacent.

Remuneration Committee Report continued

Annual Report on Remuneration continued

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 2025

	Shareholding requirement (a)		Beneficially owned (d)	Deferred shares (b)	Deferred and contingent shares (c)	Total interests in shares (including contingent interests)
	% of salary	Number of shares required	Number of shares	Number of shares	Number of shares	Number of shares
Executive Directors						
Simon Bourne (e)	200	677,708	118,656	72,772	107,208	298,636
Justin Lockwood (e)	200	516,520	123,041	83,112	120,744	326,897
Matt Pullen	200	677,708	27,173	50,370	50,370	127,912
Non-Executive Directors						
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	–	–	–	–	–	–
Paul Inman	–	–	–	–	–	–

Notes:

a) The number of shares required has been calculated using the mid-market average value for the 30-day period ended 31 December 2025 (173.9 pence).

b) This column includes the 50% proportion of share interests awarded in 2023, 2024 and 2025 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 50% of the notional shares balance under MIP A which will be settled in shares and 50% 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) Simon Bourne and Justin Lockwood are building their shareholdings after their appointments to the Board in April 2022 and July 2021 respectively. Matt Pullen's shareholding is shown as at the date he stepped down from the Board.

Simon Bourne and Justin Lockwood have acquired additional share interests between 31 December 2025 and the date of this report through their participation in the Company's Share Incentive Plan. The number of shares acquired is as follows:

Simon Bourne	179
Justin Lockwood	179

Payments to past Directors/payments for loss-of-office

Matt Pullen stepped down as Chief Executive on 26 November 2025. In accordance with his service agreement, Matt receives a payment in lieu of his twelve months notice period which is paid in monthly instalments to 26 November 2026. The payment in lieu of notice includes base salary, pension and a contribution towards medical cover.

Matt did not receive a MIP contribution in respect of 2025. His MIP A Plan Account balance of 75,543 notional shares brought forward from 2024, was paid in a cash amount of £136,431 to Matt in December 2025 in line with the shareholder-approved Remuneration Policy. His MIP B awards which were granted in March 2025 and were earned based on performance in 2024 will vest on their normal vesting date in March 2028. These awards will be pro-rated and be subject to the underpin assessment. Matt received a contribution of £30,000 towards outplacement fees.

As previously disclosed, Martyn Coffey retained an interest in his 2023 MIP B Awards. Consistent with the approach taken for other Executive Director participants, the Remuneration Committee has applied discretion and reduced Martyn Coffey's vested number of awards by 20%.

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:

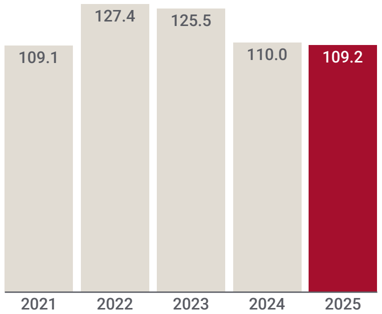
- **Investment:** the Company's strategy is to invest in organic growth opportunities in order to ensure that the business grows in a sustainable manner with a corresponding long-term benefit for all stakeholders
- **Tax:** the Company is a UK taxpayer and feels that it is beneficial to demonstrate to 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 2025 the Group was re-accredited with the Fair Tax Mark

Remuneration Committee Report continued

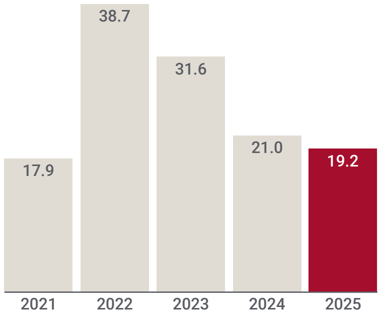
Annual Report on Remuneration continued

Relative importance of spend on pay (percentage change)

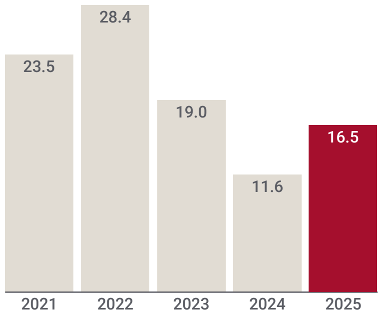
Staff pay
(£'m)
£109.2m
-0.7%



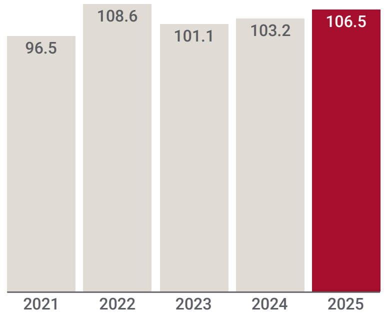
Distributions to shareholders
(£'m)
£19.2m
-8.6%



Capital investment
(£'m)
£16.5m
+42.2%



Tax
(£'m)
£106.5m
+3.2%



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		
	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
2025	**25:1**	**21:1**	**17:1**	**597**	**31**	**38**	**47**	**840 (a)**	**33**	**40**	**51**
2024	32:1	25:1	22:1	569	30	38	44	1,038	32	41	48
2023	40:1	32:1	28:1	676	31	39	44	1,246	31	39	45
2022	30:1	23:1	19:1	621	31	40	51	1,002	33	43	53
2021	54:1	42:1	37:1	532	29	40	45	1,685	31	40	45
2020	71:1	46:1	39:1	485	23	35	42	1,695	24	37	44

Note:

a) The 2025 CEO total pay and benefits represents the annual remuneration which would have been paid to Matt Pullen. For the purposes of comparison reporting it has not been pro-rated even though Matt stepped down as Chief Executive on 26 November 2025.

The 25th, 50th and 75th percentiles have been calculated using actual pay for the year ended 31 December 2025, 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
- Long-term incentives are provided in shares and, therefore, a change in the Company's share 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 Team pay and that of the Chief Executive, the ratio is much more stable over time

Remuneration Committee Report continued

Annual Report on Remuneration continued

Percentage change in Directors' remuneration

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				
	2025	2024	2023	2022	2021	**2025**	2024	2023	2022	2021	**2025**	2024	2023	2022	2021
Executive Directors															
Simon Bourne (Appointed CEO 19.01.2026)	**9.6%**	5.1%	40.8%	n/a	n/a	**(63.0%)**	91.7%	50.0%	n/a	n/a	**(50.2%)**	131.6%	44.5%	n/a	n/a
Justin Lockwood (CFO)	**3.0%**	—	6.8%	8.1%	n/a	**(57.8%)**	(8.3%)	9.1%	n/a	n/a	**(53.2%)**	120.0%	25.6%	(47.2%)	n/a
Non-Executive Directors															
Vanda Murray OBE (Chair)	**2.9%**	—	8.0%	26.3%	1.4%	**(35.4%)**	400.0%	—	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Graham Prothero (NED)	**2.2%**	—	6.8%	14.1%	1.4%	**—**	—	—	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Angela Bromfield (NED)	**2.2%**	—	11.4%	25.0%	1.4%	**(31.5%)**	—	—	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Avis Darzins (NED)	**3.0%**	—	7.4%	80.0%	1.4%	**5.1%**	—	—	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Diana Houghton (NED)	**3.0%**	—	—	n/a	n/a	**60.8%**	—	—	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Paul Inman (NED)	**—**	—	—	n/a	n/a	**—**	—	—	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Employees	**5.9%**	—	6.2%	3.6%	0.3%	**47.5%**	(53.1%)	(87.0%)	(26.4%)	7.3%	**139.7%**	(18.9%)	18.1%	27.1%	81.0%

Notes:

a) The percentage increase reflects that Simon was appointed Interim CEO on 27 November 2025. His appointment salary was £597,400.

b) 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 a fair reflection across the Group.

c) The bonus is the non-deferred amount earned for the relevant year taken from the single figure remuneration table on page 97.

d) The change in the short-term variable pay for employees of 139.7% is not representative of the actual change. As disclosed in the 2024 Directors' Remuneration Report, the vast majority of colleagues received a non-consolidated pay award for 2024 (treated as short-term variable pay), resulting in the average per employee being significantly lower in 2024 when compared to 2025 where short-term variable pay for employees consisted only of bonus scheme payments.

CEO single total figure of remuneration history

This table shows how pay for the CEO role has changed in the last ten years:

£'000	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Single figure remuneration	**771**	1,038	1,246	1,010	1,685	1,695	2,216	1,602	2,383	1,913
% of maximum annual bonus earned	**25%**	55.0%	25.0%	30.2%	100.0%	—	99.6%	98.0%	100.0%	96.9%
% of maximum LTIP/MIP awards vesting	**n/a**	n/a	n/a	100.0%	100.0%	—	99.6%	98.0%	100.0%	100.0%

Note:

a) The 2024 and 2025 figures relate to Matt Pullen who replaced Martyn Coffey as Chief Executive on 29 February 2024. Matt Pullen did not receive an annual bonus in relation to the 2025 performance year.

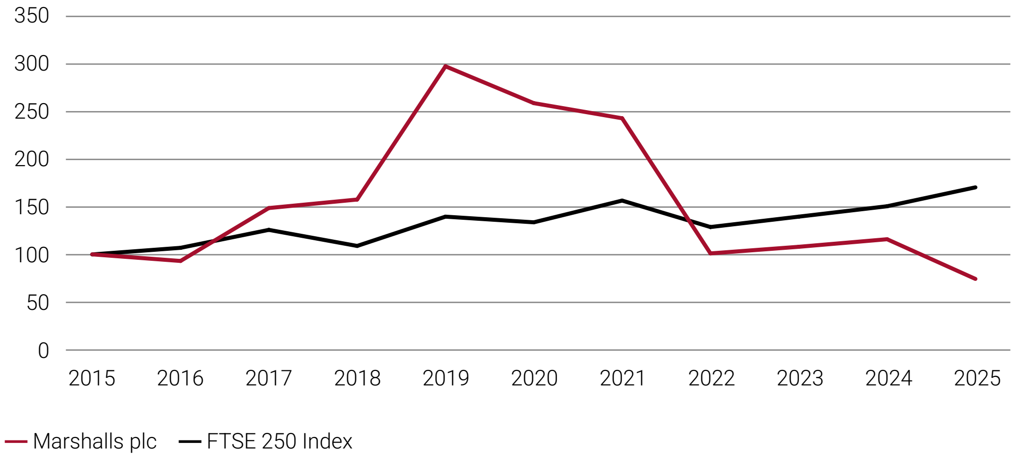
Remuneration Committee Report continued

Annual Report on Remuneration continued

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 2025 of £100 invested in Marshalls plc on 31 December 2015 compared with the value of £100 invested in the FTSE 250. The other plotted points are the intervening financial year ends.

Total Shareholder Return Value (£)



External advisers

The Remuneration Committee was advised during the year by FIT Remuneration Consultants LLP (FIT). 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. FIT was appointed after a tender process by the Committee in 2023 and its terms of engagement are available on request from the Company Secretary. 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 2025 was £79,232 (2024: £40,658).

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.

Marley colleagues continue to participate in accordance with their relevant remuneration policies which are currently separate to the Marshalls arrangements.

As Chair of the Remuneration Committee and designated Non-Executive Director for employee engagement, Angela Bromfield attends the EVG. The EVG met four times during 2025 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. 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 72 and 73.

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 Incentive 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 Incentive Plan

The Share Incentive 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 having received accreditation for the last ten years, underscoring its commitment to its colleagues.

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.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy

The Directors' Remuneration Policy (Policy) has been prepared in accordance with Schedule 8: The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Listing Rules of the Financial Conduct Authority. This Policy will be put to a binding shareholder vote at the Company's AGM on 13 May 2026 and, subject to its approval, will be effective for three years from the date of approval.

Key considerations when determining the Remuneration Policy

The Remuneration Committee designed the Policy with the following reward principles in mind:

- Incentive structures should reward the successful delivery of the Group's strategic ambition, long-term decision making and value creation in a cyclical market
- There should be an appropriate balance between short and long-term reward, and between cash and share-based remuneration
- The arrangements should be simple to understand and easy to communicate both internally and externally
- The value of remuneration packages should be positioned appropriately against market levels to ensure they are fair and competitive without being overly generous
- Incentives should cascade through the Group, to ensure alignment across the business
- Pay arrangements should support our need to retain employees in challenging market conditions and be sufficient to attract new talent

In seeking to achieve the above objectives, the Committee is mindful of the views of a broad range of stakeholders in the business and accordingly takes account of a number of factors when setting remuneration. This includes market conditions, pay and benefits in relevant comparator organisations, terms and conditions of employment across the Group, the Group's risk appetite, the expectations of institutional shareholders and feedback from key shareholders and other stakeholders.

Key changes to the Policy

- The previous MIP scheme comprising Elements A and B will no longer form part of the new Policy
- An annual bonus is being introduced under which Executive Directors may receive a bonus delivered in cash and deferred shares. The maximum bonus opportunity will be 150% of base salary
- Restricted share awards may be granted to Executive Directors under the Marshalls LTIP. The maximum restricted share grant is 75% of salary or 100% of salary in exceptional circumstances

Remuneration Policy table

The table below sets out, for each element of pay, a summary of how remuneration is structured and how it supports the Company's strategy.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary			
To recruit and retain Executives of the highest calibre who are capable of delivering the Group's strategic objectives, reflecting each individual's experience and role within the Group. Base salary is designed to provide an appropriate level of fixed income to avoid an over-reliance on variable pay elements that could encourage excessive risk taking.	Salaries are normally reviewed annually, and changes are generally effective from the start of the financial year. The annual salary review of Executive Directors takes a range of factors into consideration, including: • 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 • Market competitiveness, taking into account pay at companies in the comparator groups for remuneration benchmarking	Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions and the approach to colleague pay throughout the organisation. Base salary increases are awarded at the discretion of the Remuneration Committee; however, salary increases will normally be no greater than the general increase awarded to the wider workforce, in percentage of salary terms. Percentage increases beyond those granted to the wider workforce may be awarded in certain circumstances, such as when there is a change in the individual's role or responsibility or where there has been a fundamental change in the scale or nature of the Company or to address salaries that have fallen behind market rates. In addition, a higher increase may be made where an individual had been appointed to a new role at below-market salary whilst gaining experience. Subsequent demonstration of strong performance may result in a salary increase that is higher than for the wider workforce.	Executive Directors' performance is a factor considered when determining salaries. No recovery or withholding provisions apply.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Remuneration Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
Benefits in kind offered to Executive Directors are provided to be competitive and to assist with retention and recruitment.	The Company aims to offer benefits that are in line with typical market practice. Benefits may include: • Private medical insurance (including annual health assessment) • Life assurance • Company car/car allowance Under certain circumstances, the Group may offer relocation allowances or assistance. Expatriate benefits may be offered where required. Travel and any reasonable business related expenses (including tax thereon) may be reimbursed, including any tax paid on such expenses. Executive Directors may become eligible for other benefits which are introduced for the wider workforce on broadly similar terms.	There is no maximum cap on the value of benefits. The value of each benefit is not predetermined and is typically based upon the cost to the Group.	Not performance related. No recovery or withholding provisions apply.
Pension			
To enable Executive Directors to make appropriate provision for retirement.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a salary supplement in lieu of pension benefits, or a mixture of both.	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% of salary.	Not performance related. No recovery or withholding provisions apply.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Remuneration Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual Bonus Plan			
The Annual Bonus Plan rewards the achievement of stretching objectives that support the Group's corporate goals and delivery of the business strategy. Delivery of a proportion in deferred bonus shares provides a retention element and alignment with shareholders.	Bonuses are determined based on measures and targets that are agreed by the Remuneration Committee. Bonus measures are typically based on performance over the relevant financial year. The annual bonus will be payable in cash following the end of the financial year, except for one-third which will be deferred into shares for two years. The proportion deferred into shares may reduce to 20% of the total bonus earned if the Executive Director has met the shareholding guideline. At the discretion of the Remuneration Committee, participants may also be entitled to receive the value of dividends paid between grant and vesting on vested shares. The payment may assume dividend reinvestment. Bonus payments, including deferred bonus awards, are subject to recovery and withholding provisions (see "Recovery and withholding" in the notes to the Policy table for further detail).	The maximum annual bonus opportunity is 150% of salary for Executive Directors.	Performance measures are determined by the Remuneration Committee each year and may vary to ensure that they promote the Company's strategic goals and long-term shareholder value. The majority of the annual bonus will be based on financial measures. This may be a single measure, such as profit, or a mix of measures as determined by the Remuneration Committee. Personal objectives and/or strategic KPIs may also be chosen. Where a sliding scale of targets applies to financial measures, up to 20% of that element may be payable for threshold performance. The bonus measures are reviewed annually, and the Remuneration Committee has the discretion to vary the mix of measures or to introduce new measures taking into account the strategic focus of the Company at the time subject to at least 50% being financial in nature. The Remuneration Committee may alter the bonus outcome if it considers that the payout is inconsistent with the Company's overall performance, taking account of any factors it considers relevant. This will help to ensure that the payout reflects overall Company performance during the period.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Remuneration Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Long-Term Incentive Plan (LTIP) – restricted shares			
Restricted shares granted under the LTIP are designed to incentivise the successful execution of business strategy over the longer term, provide stewardship of the share price and aid retention. It facilitates share ownership to provide further alignment with shareholders.	Restricted share awards will typically be granted annually to Executive Directors in the form of nil, nominal cost options or conditional awards that vest subject to an underpin, normally measured over three financial years. The Remuneration Committee will consider the prevailing share price when deciding on the number of shares to be awarded as part of any LTIP grant. Awards will normally be subject to an additional post-vesting holding period, which requires awards to be retained for a period of two years from the end of the vesting period, except for shares sold to pay personal tax upon vesting or exercise. At the discretion of the Remuneration Committee, participants may also be entitled to receive the value of dividends paid between grant and vesting (or, if applicable, between grant and the earlier to occur of the expiry of any holding period and the exercise of an award) on vested shares. Additional dividends will normally be delivered in shares and may assume dividend reinvestment. Awards are subject to recovery and withholding provisions (see "Recovery and withholding" in the notes to the Policy table for further detail).	The individual plan limit is 75% of base salary in any financial year or 100% of salary in exceptional circumstances.	The Committee will apply a qualitative underpin to restricted share awards which will enable it, exceptionally, to reduce vesting if, in the round, there has been material underperformance. In this regard, the Committee will consider performance annually over the course of the underpin assessment period against a framework comprising strategic delivery, financial health, governance and the broader stakeholder experience. • **Strategic priorities**: delivery of key strategic objectives over the vesting period including operational performance • **Financial health**: the overall financial health of the business, which may have regard to Company KPIs. This could include profitability, revenue and cash generation, return on capital and Balance Sheet strength. The Committee will also consider shareholder experience (share price and dividends). The financial and shareholder assessments may consider absolute and/or relative performance against the market • **Governance**: a consideration of the control environment and our commitment to sustainability • **Stakeholder experience**: consideration of key stakeholders including employees, customers, suppliers and shareholders
All-colleague share schemes			
Encourages colleague share ownership and therefore increases alignment with shareholders.	The Company may, from time to time, operate tax-approved share plans (such as the HMRC-approved Save As You Earn Option Plan and Share Incentive Plan) for which Executive Directors could be eligible.	The schemes are subject to the limits set by HMRC from time to time.	Not performance related. No recovery or withholding provisions apply.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Remuneration Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Share ownership guidelines			
Encourages Executive Directors to build a meaningful shareholding in the Group so as to further align their interests with those of shareholders.	Executive Directors are required to retain at least half of any share awards vesting as shares (after the sale of any shares to settle tax due) until they have reached the required level of holding. Adherence to these guidelines is a condition of continued participation in the incentive arrangements. Shares owned outright by the Executive Director or a connected person are included. Shares or share options which remain subject to a performance condition or underpin are not included. Unvested deferred bonus shares and vested LTIP awards which remain unexercised may count towards the in-employment guideline on a net of tax basis.	**During employment**: Executive Directors are required to build and retain a shareholding in Marshalls equivalent to at least 200% of their base salary. **Post-employment**: Executive Directors are required to retain the minimum shareholding requirement of 200% of base salary for one year post-cessation and 100% 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.	Not performance related.
Chair and Non-Executive Directors' fees			
To attract Non-Executive Directors who have a broad range of experience and skills. To provide the Group with access to independent judgement on issues including (inter alia) strategy, performance, governance and standards of conduct. Fees reflect the time commitment and responsibilities of the roles.	Non-Executive Directors may receive fees paid monthly in cash, which consist of an annual basic fee. They may also receive additional fees for additional responsibilities including chairing Committees, being the Non-Executive Director for employee engagement or holding the position of Senior Independent Director. The Chair's fee is reviewed annually by the Remuneration Committee (without the Chair present). Fee levels for the Non-Executive Directors are determined by the Chair and Executive Directors. In exceptional circumstances if there is a temporary, yet material, increase in the time commitments for Non-Executive Directors, the Group Board may pay extra fees to recognise that additional workload. Non-Executive Directors do not participate in any pension, bonus or share incentive plans. Travel, accommodation and other business related expenses incurred in carrying out a Non-Executive role will be paid by the Company including, if relevant, any "gross-up" for tax.	When reviewing fee levels, account is taken of market movements in the fees of Non-Executive Directors, Group Board Committee responsibilities and ongoing time commitments. Actual fee levels are disclosed in the annual Remuneration Report for the relevant financial year.	Not performance related. No recovery or withholding provisions apply.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Notes to the Remuneration Policy table

Recovery and withholding

Robust recovery and withholding provisions (i.e. "clawback" and "malus") operate in respect of annual bonus, deferred bonus and the proposed new LTIP.

The following provisions apply:

- Prior to the payment of an annual bonus or vesting of a deferred bonus or LTIP award, the Committee may operate malus to lapse the award in full or in part
- For up to two years following the payment of an annual bonus award, the Committee may operate clawback to require the repayment of any cash amount paid
- Prior to the vesting of deferred bonus award the Committee may cancel or reduce any deferred bonus award
- For up to two years after the vesting of a LTIP, the Committee may operate clawback to cancel the award during the holding period (or require repayment of the award if it has been released prior to the end of the holding period); reduce future vesting under the Company's share plans; or reduce the number of shares already vested but unexercised

The relevant events to which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company
- Discovery that the assessment of any performance target or condition or award level in respect of an award was based on error, or inaccurate or misleading information
- Action or conduct of a participant which amounts to fraud or gross misconduct
- A material failure of risk management
- Insolvency or other corporate failure
- Events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for censure or reputational damage and that the censure or reputational damage is attributable to the participant

The now retired MIP also contains robust recovery and withholding provisions.

Performance conditions

Executive Directors may earn annual bonuses depending on the Company's financial performance and performance against individual performance targets designed to deliver strategic goals. The bonus measures in place may include financial metrics such as profit, and cash flow/cash conversion or other relevant financial, non-financial or strategic measures that reflect near-term financial priorities.

The metrics and weightings may change from year to year to reflect the priorities at the start of each performance year. The annual financial performance measures and targets are set by the Committee usually in the first quarter of each year following an analysis of external and internal expectations. The Committee sets targets it believes to be appropriately stretching, but achievable. A portion of the bonus may be based on strategic or individual objectives which provides a more rounded assessment of performance.

Committee discretion in operation of variable pay schemes

Under the annual bonus scheme and the long-term incentive plans, the Company uses judgement and has standard discretions to take appropriate action in the event of unforeseen events which affect the schemes. Such judgement and discretions include:

- Who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments
- Determining the extent of vesting
- Treatment of awards and/or payments on a change of control or restructuring of the Group
- Whether an Executive Director is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s)
- How and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring, a material acquisition or divestment or for special dividends)
- What the weighting, measures and targets should be for the annual bonus plan awards from year to year
- The assessment of the restricted share underpin

The Committee also retains the ability, if events occur that cause it to determine that the conditions set in relation to incentive schemes are no longer appropriate, or unable to fulfil their original intended purpose:

- To adjust targets, and/or
- Set different measures or weightings, and/or
- Override formulaic outcomes in line with the Policy

Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders.

Legacy arrangements

The Committee may make any remuneration payments and payments for loss of office (including exercising any discretions it has relating to such payments) even though they are not in line with the Policy set out in this report. This will apply where the entitlement to the payment arose: (i) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company; or (ii) under a Remuneration Policy previously approved by the Company's shareholders.

For these purposes entitlements arising under the Company's previous remuneration policies will be incorporated into this Policy; "payments" includes the Committee satisfying awards of variable remuneration, including those under the MIP.

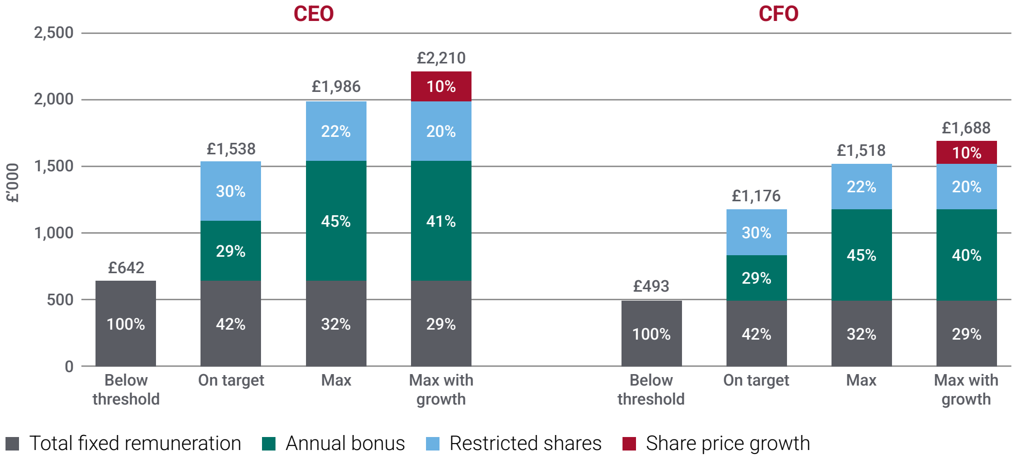
Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Remuneration scenarios for Executive Directors

The charts below show an estimate of the 2026 remuneration package for each Executive Director under four performance scenarios, which are based on the Remuneration Policy set out above.

Illustrations of application of Remuneration Policy



Assumptions:

	Performance scenario			
	Minimum	Target	Maximum	Maximum with share price growth
Base salary	As at 1 January 2026			
Benefits	Estimated value for 2026 based on 2025 actual value			
Pension	5% of salary			
Bonus	0% of maximum	50% of maximum	100% of maximum (being 150% of salary)	
Restricted shares	0% of maximum	100% of maximum	100% of maximum (being 75% of salary)	As per the maximum, plus a 50% share price increase over three years is assumed

Recruitment policy

Where it is necessary to appoint or replace an Executive Director, the Committee's approach when considering the overall remuneration arrangements in the recruitment of a new Executive Director is to take account of the calibre, expertise and responsibilities of the individual, his or her remuneration package in their prior role, and market rates. Remuneration will be in line with our Policy and the Committee will not pay more than is necessary to facilitate recruitment.

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved Remuneration Policy in force at the time of appointment. Further details are provided below:

Base salary	The Committee will set a base salary appropriate to the calibre, experience and responsibilities of the new appointee. In arriving at a salary, the Committee may take into account, amongst other things, the experience of the individual, the market rate for the role, internal relativities and his or her salary level prior to joining the Board. The Committee has the flexibility to set the salary of a new Executive Director at a lower level initially, with a series of planned increases implemented over the following few years to bring the salary to the desired positioning, subject to individual performance.
Benefits	Benefits will normally be consistent with the principles of the Policy set out in the Policy table. In instances where the new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences/housing allowance and schooling. No relocation allowances will apply for a period greater than two years.
Annual bonus	The maximum bonus opportunity is 150% of base salary.
Long-term incentives	The maximum restricted share award level is 75% of base salary or 100% of base salary in exceptional circumstances.
Replacement awards	An award made in respect of a new appointment to "buy out" existing incentive awards forfeited on leaving a previous employer. In such cases the compensatory award would typically be a like-for-like award with similar time to vesting, performance conditions and likelihood of those conditions being met. The fair value of the compensatory award would not be greater than the awards being replaced. To facilitate such a buyout, the Committee may use an award under a different structure or an additional award under the LTIP.
Notice periods	Notice periods shall be up to twelve months.

Depending on the timing and responsibilities of the appointment, it may be necessary to set different annual bonus performance measures and targets from those applicable to other Executive Directors.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Recruitment policy continued

Where an existing employee is promoted to the Board, the Policy set out above would apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Remuneration Report for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

Directors' service contracts

	Date of appointment	Notice by Company	Notice of Director
Simon Bourne	April 2022	12 months	12 months
Justin Lockwood	July 2021	12 months	12 months
Vanda Murray	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
Paul Inman	September 2025	6 months	6 months

In accordance with Policy, Executive Directors' service contracts do not contain liquidated damages clauses, nor any contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement or providing for compensation for loss of office or employment that occurs because of a takeover bid. The maximum notice period for an Executive Director is twelve months. Executive Director service contracts are not of a fixed duration and therefore have no unexpired terms.

Non-Executive Directors, including the Chair, are appointed under letters of appointment, usually for a term of three years. Either the Company or the Non-Executive Director may terminate the appointment before the end of the current term on six months' notice. If the unexpired term is less than six months, notice does not need to be served. No compensation is payable if a Non-Executive Director is required to stand down. All Directors are subject to annual re-election.

The Board believes that it may be beneficial to the Group for Executives to hold Non-Executive Directorships outside the Group. Executive Directors are permitted to hold one external plc Board appointment. Any such appointments are subject to approval by the Board and the Director may retain any fees received at the discretion of the Board.

Termination and loss-of-office payments

The Group's policy on remuneration for Executive Directors who leave the Group is consistent with general market practice. The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. The Committee will exercise judgement when determining amounts that should be paid to leavers, taking into account the facts and circumstances of each case.

The Committee will honour Executive Directors' contractual entitlements. It is the Company's policy that the period of notice for Executive Directors will not normally exceed twelve months. Service agreements may be terminated without notice and without payment in lieu of notice in certain circumstances, such as gross misconduct. The Committee retains the right to terminate an Executive Director's service agreement by making a payment in lieu of notice which comprises the value of base salary, benefits and pension together with accrued holiday entitlement. It is the Company's policy to have regard to the Executive Director's duty to mitigate their loss in respect of those contractual rights that they would otherwise be entitled to receive.

Service contracts do not contain liquidated damages clauses. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. Statutory redundancy payments may be made, as appropriate.

Except in the case of gross misconduct or resignation, the Company may at its absolute discretion reimburse for reasonable professional fees relating to the termination of employment.

Ordinarily, Executive Directors have no entitlement to a bonus payment in the event they cease to be employed by the Group or are under notice of termination of employment at the date that their bonus would otherwise be paid. However, they may be considered for a bonus payment by the Committee in "good leaver" circumstances (i.e. death, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee). Any such bonus payment would ordinarily be subject to a pro-rata reduction based on the period worked in the relevant year, and there would be no requirement for any portion of such bonus payment to be deferred into an award over shares under the deferred bonus element of the LTIP.

Remuneration Committee Report continued

2026 Directors' Remuneration Policy continued

Termination and loss-of-office payments continued

In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the plan rules as follows:

Deferred bonus share award element of the LTIP	As a general rule, deferred bonus share awards will lapse upon a participant ceasing to hold employment or ceasing to be a Director within the Group (where relevant). In the event of a participant's death, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, awards will not be forfeited but will instead normally vest in full on the original vesting date (or on the date of cessation if the Remuneration Committee so determines).
Restricted share award element of the LTIP	As a general rule, an unvested LTIP award will lapse upon a participant ceasing to hold employment or ceasing to be a Director within the Group (where relevant). However, if the participant ceases to be an employee or a Director within the Group because of their death, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their award will vest on the date when it would have vested if they had not so ceased (or in exceptional circumstances, the Committee may decide to vest the award upon cessation). The extent to which an award will vest in these situations will depend upon two factors: • The extent to which any underpin conditions have been satisfied at that time • The pro-rating of the award by reference to the period of time served in employment during the normal vesting period, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances
HMRC all employee awards	Payments may be made in the event of a loss-of-office under the Sharesave scheme and SIP, which is governed by their rules and the applicable legislation and which does not provide discretion in the case of leavers.

In the event of a change of control, in accordance with the relevant scheme rules:

- Unvested deferred bonus awards will vest on the date of a change of control
- Unvested LTIP awards will vest on the date of a change of control, to the extent to which any underpin conditions have been satisfied and after a pro-rata reduction for time elapsed during the three-year vesting period although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances

Consideration of shareholders' views

In its review of Executive remuneration as part of the approval of the 2026 Directors' Remuneration Policy, the Committee conducted a comprehensive consultation exercise which elicited feedback from the Company's largest shareholders. The Committee was very grateful for the views received. The feedback, which was largely positive, was used constructively to shape the 2026 Directors' Remuneration Policy.

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. The Committee seeks to engage directly with major shareholders and their representative bodies on changes to the Policy. The Committee also considers shareholder feedback received in relation to the remuneration related resolutions each year following the AGM. This, together with any additional feedback received from time to time (including any updates to shareholders' remuneration guidelines and those from the major proxy voting agencies), is then considered as part of the Committee's annual review of the Remuneration Policy and its implementation.

Statement of consideration of employment conditions elsewhere in Company

The Committee is regularly updated throughout the year on pay and conditions applying to Group employees, including any significant changes to employment conditions.

The Committee has arrangements in place to receive and review the views of the Company's employees on Executive remuneration and the application of the Directors' Remuneration Policy. This is through the EVG meetings attended by the designated Non-Executive Director for employee engagement. Additionally, detailed reports and presentations from the Chief People Officer are provided to the Committee to keep them appraised of the wider pay, benefits, policy and practices across the Group. The Committee takes into consideration external benchmarking data for the relevant roles as one of the factors when considering pay levels and also considers the internal relativities of pay levels across the Group.

The overall approach to reward for employees across the workforce is a key reference point when setting the remuneration of the Executive Directors. When reviewing the salaries of the Executive Directors, the Committee pays close attention to pay and employment conditions across the wider workforce and increases for Executive Directors will be set in the context of increases for the general workforce.

Senior management participate in annual bonus plans. The performance criteria and payouts under these schemes are usually based on the same measures and targets applying to Executive Directors. The bonus opportunity varies by employee grade.

A key difference between the remuneration of Executive Directors and that of our other employees is that, overall, at senior levels, remuneration is increasingly long term and "at risk", with an emphasis on performance related pay linked to business performance and share-based remuneration. This ensures that remuneration at senior levels will increase or decrease in line with business performance and provides alignment between the interests of Executive Directors and shareholders. In particular, long-term incentives are provided to the most senior employees, as they are reserved for those considered to have the greatest potential to influence overall levels of performance.

Angela Bromfield
Chair of the Remuneration Committee
16 March 2026

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 62 and 63.

As at 31 December 2025, 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	3	3	60
Women	4	50	1	2	40
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	4	80
Mixed/multiple ethnic groups	1	12.5	—	—	—
Asian/Asian British	—	—	—	1	20
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group	—	—	—	—	—
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 (2024: £nil).

Charitable donations: The Group made £80,134 of charitable, community and product donations (2024: £62,829).

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 52 to 60. 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 141 to 145.

Greenhouse gas emissions: The Group's disclosure in respect of the SECR requirements can be found in the Strategic Report on page 39.

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 29. 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. The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their skills and competencies. Provisions are made under the Company's equal opportunities and dignity at work policies within the Company employee handbook. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion. 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 33 and 34.

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 30, along with engagement channels used. Details of the Group's stakeholder engagement strategy are explained on pages 26 to 30. The statement by the Directors in relation to their statutory duties under Section 172(1) of the Companies Act 2006 is found on pages 23 to 25.

Corporate governance: Details of how the Group complies with and applies the UK Corporate Governance Code are set out on pages 64 and 65.

Post-Balance Sheet events of importance since 31 December 2025: None.

Research and development: Activity and likely future developments for the business are described in the Strategic Report on pages 14 and 15.

Dividends

The Board is recommending a final dividend of 4.5 pence (2024: 5.4 pence) per share, which, together with the interim dividend of 2.2 pence (2024: 2.6 pence) per share, makes a combined dividend of 6.7 pence (2024: 8 pence) per share. Payment of the final dividend, if approved at the Annual General Meeting, will be made on 1 July 2026 to shareholders registered at the close of business on 5 June 2026. The ex-dividend date will be 4 June 2026.

The dividend paid in the year to 31 December 2025 and disclosed in the Consolidated Income Statement was 7.6 pence (2024: 8.3 pence) per share, being the previous year's final dividend of 5.4 pence and the interim dividend of 2.2 pence per share in respect of the year ended 31 December 2025.

Share capital and authority to purchase shares

The Company's share capital at 31 December 2025 was 252,968,728 Ordinary Shares of 25 pence each. No new Ordinary Shares were issued during the year ended 31 December 2025. Details of the share capital are set out in Note 24 on page 150.

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).

Directors' Report – Other Regulatory Information continued

Share capital and authority to purchase shares continued

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 146 to 148.

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 2025 the EBT acquired 390,000 shares for a total consideration of £905,035.

At 31 December 2025, the EBT held 80,004 Ordinary Shares in the Company (2024: 116,291 Ordinary Shares) in respect of future incentive awards under the Company's employee share schemes.

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 2025 shareholders gave authority to the Directors to purchase up to 37,920,012 shares, representing approximately 14.99% 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 2025 and 16 March 2026 under this authority, which will expire at the 2026 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 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 96 to 103.

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 16 March 2026, the Company had been notified, in accordance with DTR 5, of the following disclosable interests of 3% or more in its voting rights:

	As at 28 February 2026 %	As at 31 December 2025 %
Inflexion Private Equity Partners	**8.72**	8.72
Jupiter Asset Management	**8.53**	8.11
Vanguard Group	**5.04**	5.01
M&G Investments	**4.97**	4.72
Royal London Asset Management	**4.88**	4.89
Janus Henderson Investors	**4.57**	4.57
Allianz Global Investors	**4.32**	4.32
BlackRock	**4.13**	4.21
Liontrust Asset Management	**3.77**	3.77
Aberdeen	**3.29**	3.34

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
16 March 2026

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 IFRSs
- 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
- 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 62 and 63 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 2025 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
16 March 2026

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, the Company) and its subsidiaries (the Group) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 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 Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- 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 Company Balance Sheets
- The Consolidated Cash Flow Statement
- The Consolidated and Company Statements of Changes in Equity; and
- The related Notes 1 to 42

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 Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 the 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 risk of impairment of goodwill within Landscaping Products is a newly identified key audit matter along with revenue which was also a key audit matter last year.
Materiality	The materiality that we used for the Group Financial Statements was £3.0 million which represents 6.8% of adjusted profit before tax and 0.6% of revenue.
Scoping	We have considered the scope of our audit on a Financial Statement line item basis with our final scope covering 99% of Group revenue, 96% of Group net assets and 100% of profit before tax.
Significant changes in our approach	Other than new key audit matter described above there have been no other significant changes to our audit approach since the prior year.

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:

- Obtaining an understanding 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 analysis 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 recalculation 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.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

5. Key audit matters

The key audit matters communicated below are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current year 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. Risk of impairment of goodwill in Landscaping Products

Key audit matter description

In the Financial Review on page 48 the Board of Directors (the Board) discusses the performance of the Landscaping Products segment, its decline in profitability in 2025 and the actions it expects to undertake to address it.

Management has evaluated the performance of this segment in preparing its impairment review of the Landscaping Products Cash Generating Unit (CGU) and on page 85 the Audit Committee describes its review and challenge of it.

As described in Note 10 to the Financial Statements, the goodwill associated with the Landscaping Products CGU is £34.8m (2024: £34.8m), with the value in use having headroom of £60m in excess of its net assets,

The recoverable amount of the CGU net assets was assessed with reference to the Board's estimate of the value in use of the CGU. This requires estimates, including significant assumptions regarding future cash flows and discount rates. The cash flow forecasts are derived from the Group's business plan which considers variables such as future price expectations, volume assumptions, margins and inflation. We consider this a key audit matter for 2025.

Our focus for this key audit matter is the key assumptions that drive earnings, in particular management's future revenue cash flows. These are principally derived from inputs such as estimated price and future demand in the Group's end markets.

The Group's goodwill accounting policy is disclosed in Note 1 to the Financial Statements. This is considered a source of estimation uncertainty by the directors with further detail in Note 1. Details of the impairment review are set out in Note 10.

How the scope of our audit responded to the key audit matter

To address the risk of impairment of goodwill within the Landscaping Products CGU our procedures were as follows:

- We obtained an understanding of relevant controls related to the impairment review of goodwill
- We assessed the mathematical accuracy of the impairment models and whether the impairment methodology including the duration of the cash flows applied by management was acceptable under IAS 36 Impairment of Assets
- We evaluated the key assumptions, including sales volumes, price increases and cost saving measures, and assessed retrospectively whether prior year assumptions were appropriate
- We have compared management's assumptions to externally available industry metrics including new housebuilding forecasts and other market analysis
- With the assistance of our valuation specialists, we evaluated the methodology applied in calculating the discount rate
- We evaluated all changes to key assumptions between prior year and current year forecasts and assessed whether market conditions in the current year had been appropriately considered in the assumptions
- We assessed the accuracy of management's cash flow forecasts by comparing historical forecasts with actual cash flows, and external industry benchmarks. We assessed whether projected cash flows were consistent with Board-approved forecasts. We also assessed whether management's impairment forecasts are consistent with other forecasts used by management, including the going concern model.
- We also assessed the appropriateness of the disclosures and their compliance with the requirements of IAS 36, Impairment of Assets

Key observations

Based on our procedures we concluded that the key assumptions made by management in performing its impairment review are reasonable and the associated disclosures are appropriate.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on the audit of the Financial Statements continued

5. Key audit matters continued

5.2. 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 2025 is £632.1 million (2024: £619.2 million), and 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.
How the scope of our audit responded to the key audit matter	To address the risks of misstatement within revenue our procedures were as follows : • We obtained an understanding of relevant controls in relations to revenue recognition from ordering to cash collection, including both manual and automated controls within the cycle • We developed a data matching analytic in order to match the revenue recorded to the related sales orders, invoices, delivery notes and bank statements. For a sample of the exceptions, we assessed the consistency of the revenue recognised with the documentation available including evaluating the rationale for the exception reported, and • We assessed the accuracy and completeness of the data sets used in the data matching analytic, by agreeing a sample through to third party documentation
Key observations	Based on the audit procedures performed we concluded that revenue was not materially misstated.

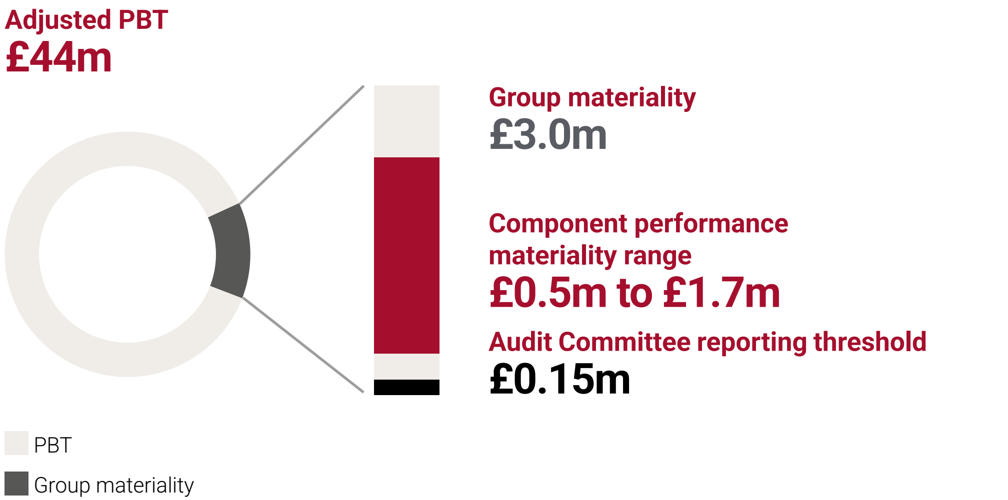
6. Our application of materiality

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	Company Financial Statements
Materiality	£3.0 million (2024: £3.5 million).	£1.5 million (2024: £1.7 million).
Basis for determining materiality	Materiality was determined based on two primary benchmarks – adjusted profit before tax and revenue – , and equates to 6.8% of adjusted profit before tax and 0.6% of revenue (2024: 6.7% of adjusted profit before tax). The reconciliation of adjusted profit before tax has been presented within Note 4 to the consolidated Financial Statements.	Company materiality has been capped at 50% of the Group materiality. This represents 0.2% of net assets (2024: 0.3% of net assets).
Rationale for the benchmark applied	We used revenue as an additional primary benchmark owing to the increased focus of users on this metric. Adjusted profit before tax and revenue are 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.



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 continued

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	Company Financial Statements
Performance materiality	70% (2024: 70%) of Group materiality	70% (2024: 70%) of 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 macroeconomic environment 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 it all audit differences in excess of £0.15 million (2024: £0.2 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 identify when assessing the overall presentation of the Financial Statements.

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. We identified three components in the group: Marshalls, Marley and Viridian, which are made up of multiple legal entities. We performed audits of the entire financial information of each of these components, using component performance materialities between £0.5m and £1.7m. We have considered the overall scope of our audit on a financial statement line-item basis with our final scope covering 99% (2024: 100%) of group revenue, 96% (2024: 100%) of group net assets and 100% (2024: 100%) of profit before tax.

In addition to the above, we also performed audit work on the Group Financial Statements, including but not limited to the consolidation of Group results, consolidation and post-closing journal entries and preparation of the Financial Statements. All work has been performed by the Group engagement team.

7.2. Our consideration of the control environment

During our audit we obtained an understanding of the relevant controls within the key business cycles for the Group, in particular the order-to-cash and make-to-deliver cycles.

With involvement of our IT specialists, we have evaluated the IT environment of the Group and obtained an understanding of relevant IT systems and the automated controls within these systems.

In evaluating the environment in the Building Products and Landscaping Products segments, we have:

- Obtained an understanding of the IT systems within the finance IT environment, Microsoft AX and D365. These systems are used for the entity's financial reporting process and include 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), and change management (change process and segregation of duties)

In evaluating the Roofing Products environment, we have:

- Obtained an understanding of the key IT systems within the finance IT environment, being SAP ECC and SAP BW. These systems are used for the component's financial reporting process for monitoring their individual entities and reporting to Marshalls plc Group
- Tested the following general IT controls for SAP ECC and SAP BW: access security (joiners, movers, leavers (JML), passwords, privileged access and user access reviews), and change management (change process and segregation of duties)

Management continues to remediate control deficiencies identified; as a result of this we continue to take a fully substantive approach to the audit.

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 1 to 61. The Directors have concluded that the key risk of climate change for the business is the security of raw material supply.

Furthermore, the Directors 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:

- Evaluating management's assessment of the key financial statement 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
- Challenging 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
- Assessing the Group's ESG and climate-related financial disclosures on pages 31 to 47 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
- Assessing whether climate risk assumptions underpinning specific account balances were appropriately disclosed, and
- Reading the climate risk disclosures included in the Strategic Report section on pages 44 to 47 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 Statement of Directors' Responsibilities, 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 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 either intend 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, and
- The matters discussed among the audit engagement team, including tax, valuations, pensions, and IT and data analytics specialists 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, UK 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 Statement disclosures and testing the 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 and reviewing internal audit reports
- 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.

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 of 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.

Independent Auditor's Report continued

to the members of Marshalls plc

Report on other legal and regulatory requirements continued

13. Corporate Governance Statement

The UK 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 regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 115
- The Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 51
- The Directors' statement on fair, balanced and understandable set out on page 115
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 5
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 67, and
- The section describing the work of the Audit Committee set out on pages 84 to 89

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 shareholders on 20 May 2015 to audit the Financial Statements for the year ended 31 December 2015 and subsequent financial periods. Following a competitive tender process, we were reappointed as auditors of the Financial Statements for the year ended 31 December 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eleven years, covering the years ended 31 December 2015 to 31 December 2025.

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).

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 – 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 – 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 – DTR 4.1.18R.

Bashir Bahaj BSc FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 March 2026

Consolidated Income Statement

for the year ended 31 December 2025

	Notes	2025 £'m	2024 £'m
Revenue	2	**632.1**	619.2
Net operating costs	3	**(600.1)**	(565.3)
Operating profit	2	**32.0**	53.9
Net financial expenses	6	**(14.3)**	(14.5)
Profit before tax	2	**17.7**	39.4
Income tax expense	7	**(3.3)**	(8.4)
Profit for the financial year		**14.4**	31.0
Earnings per share			
Basic	8	**5.7p**	12.3p
Diluted	8	**5.6p**	12.2p
Dividend			
Pence per share	9	**6.7p**	8.0p

All results relate to continuing operations.

	Notes	2025 £'m	2024 £'m
Adjusted profit measures			
Operating profit		**32.0**	53.9
Adjusting items	4	**24.4**	12.8
Adjusted operating profit		**56.4**	66.7
Profit before tax		**17.7**	39.4
Adjusting items	4	**26.0**	12.8
Adjusted profit before tax		**43.7**	52.2
Profit for the financial year		**14.4**	31.0
Adjusting items (net of tax)	4	**19.6**	9.5
Adjusted profit after tax		**34.0**	40.5
Adjusted earnings per share			
Basic	8	**13.4p**	16.0p
Diluted	8	**13.3p**	16.0p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2025

	Notes	2025 £'m	2024 £'m
Profit for the financial year		**14.4**	31.0
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Remeasurements of the net defined benefit surplus	21	**0.2**	13.4
Deferred tax arising	23	**(0.1)**	(3.4)
Total items that will not be reclassified to the Income Statement		**0.1**	10.0
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		**0.1**	1.6
Fair value of cash flow hedges transferred to the Income Statement		**(1.1)**	(2.4)
Deferred tax arising	23	**0.2**	0.2
Exchange difference on retranslation of foreign currency net investment		**(0.2)**	0.2
Total items that are or may be reclassified to the Income Statement		**(1.0)**	(0.4)
Other comprehensive (expense)/income for the year, net of income tax		**(0.9)**	9.6
Total comprehensive income for the year		**13.5**	40.6

Consolidated Balance Sheet

at 31 December 2025

	Notes	2025 £'m	2024 £'m
Assets			
Non-current assets			
Goodwill	10	**324.4**	324.4
Intangible assets	11	**206.0**	217.8
Property, plant and equipment	12	**223.9**	234.8
Right-of-use assets	13	**38.7**	32.4
Employee benefits	21	**24.9**	24.1
Deferred taxation assets	23	**0.7**	2.1
		818.6	835.6
Current assets			
Inventories	14	**137.2**	138.2
Trade and other receivables	15	**79.6**	80.8
Cash and cash equivalents	16	**4.9**	18.9
Assets classified as held for sale	12	**0.9**	1.5
Derivative financial instruments	20	**0.2**	1.1
		222.8	240.5
Total assets		**1,041.4**	1,076.1
Liabilities			
Current liabilities			
Trade and other payables	17	**117.3**	132.1
Corporation tax		**2.2**	4.2
Lease liabilities	19	**5.6**	5.7
Provisions	22	**—**	6.6
		125.1	148.6
Non-current liabilities			
Lease liabilities	19	**33.5**	29.7
Interest-bearing loans and borrowings	18	**142.8**	152.8
Provisions	22	**5.2**	—
Deferred taxation liabilities	23	**79.1**	83.7
		260.6	266.2
Total liabilities		**385.7**	414.8
Net assets		**655.7**	661.3

	Notes	2025 £'m	2024 £'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		**(1.6)**	(1.7)
Capital redemption reserve		**75.4**	75.4
Consolidation reserve	24	**(213.1)**	(213.1)
Hedging reserve	24	**0.7**	1.5
Foreign exchange reserve	24	**0.5**	0.7
Retained earnings		**389.0**	393.7
Total equity		**655.7**	661.3

Approved at a Directors' meeting on 16 March 2026.

On behalf of the Board:

Simon Bourne
Chief Executive Officer

Justin Lockwood
Chief Financial Officer

The Notes on pages 129 to 153 form part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2025

	Notes	2025 £'m	2024 £'m
Profit for the financial year		**14.4**	31.0
Income tax expense	7	**3.3**	8.4
Profit before tax		**17.7**	39.4
Adjustments for:			
Depreciation of property, plant and equipment	12	**19.8**	22.1
Asset impairments		**4.5**	—
Depreciation of right-of-use assets	13	**6.8**	7.3
Amortisation	11	**12.3**	12.1
Loss/(gain) on sale of property, plant and equipment		**0.1**	(1.9)
Equity settled share-based payments		**1.0**	1.1
Net financial expenses	6	**14.3**	14.5
Operating cash flow before changes in working capital		**76.5**	94.6
Decrease in trade and other receivables		**2.2**	13.8
Decrease/(increase) in inventories		**1.0**	(13.1)
(Decrease)/increase in trade and other payables		**(15.7)**	2.0
Cash generated from operations		**64.0**	97.3
Financial expenses paid		**(16.1)**	(11.7)
Income tax paid		**(9.0)**	(8.8)
Net cash flow from operating activities		**38.9**	76.8
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**0.8**	4.4
Acquisition of property through corporate structure		**(2.9)**	—
Acquisition of subsidiary undertaking		**—**	(2.6)
Acquisition of property, plant and equipment		**(13.1)**	(9.2)
Acquisition of intangible assets		**(0.5)**	(2.4)
Net cash flow from investing activities		**(15.7)**	(9.8)

	Notes	2025 £'m	2024 £'m
Cash flows from financing activities			
Payments to acquire own shares		**(0.9)**	(1.4)
Repayment of borrowings		**(42.1)**	(80.0)
Drawdown of borrowings		**32.1**	25.0
Cash payment for the principal portion of lease liabilities		**(6.9)**	(5.3)
Equity dividends paid		**(19.2)**	(21.0)
Net cash flow from financing activities		**(37.0)**	(82.7)
Net decrease in cash and cash equivalents		**(13.8)**	(15.7)
Cash and cash equivalents at the beginning of the year		**18.9**	34.5
Effect of exchange rate fluctuations		**(0.2)**	0.1
Cash and cash equivalents at the end of the year		**4.9**	18.9

Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

			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 2025	63.2	200.0	141.6	(1.7)	75.4	(213.1)	1.5	0.7	393.7	661.3
Total comprehensive income for the year										
Profit for the financial year	–	–	–	–	–	–	–	–	14.4	14.4
Other comprehensive (expense)/income										
Foreign currency translation differences	–	–	–	–	–	–	–	(0.2)	–	(0.2)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	0.1	–	–	0.1
Net change in fair value of cash flow hedges transferred to the Income Statement	–	–	–	–	–	–	(1.1)	–	–	(1.1)
Deferred tax arising	–	–	–	–	–	–	0.2	–	–	0.2
Defined benefit plan actuarial gain	–	–	–	–	–	–	–	–	0.2	0.2
Deferred tax arising	–	–	–	–	–	–	–	–	(0.1)	(0.1)
Total other comprehensive (expense)/income	–	–	–	–	–	–	(0.8)	(0.2)	0.1	(0.9)
Total comprehensive (expense)/income for the year	–	–	–	–	–	–	(0.8)	(0.2)	14.5	13.5
Share-based payments	–	–	–	–	–	–	–	–	1.0	1.0
Dividends to equity shareholders	–	–	–	–	–	–	–	–	(19.2)	(19.2)
Purchase of own shares	–	–	–	(0.9)	–	–	–	–	–	(0.9)
Own shares issued under share scheme	–	–	–	1.0	–	–	–	–	(1.0)	–
Total contributions by and distributions to owners	–	–	–	0.1	–	–	–	–	(19.2)	(19.1)
At 31 December 2025	63.2	200.0	141.6	(1.6)	75.4	(213.1)	0.7	0.5	389.0	655.7

Consolidated Statement of Changes in Equity continued

for the year ended 31 December 2024

	Share capital £'m	Share premium account £'m	Attributable to equity holders of the Company 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
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 gain	—	—	—	—	—	—	—	—	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
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

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 2025 comprise the Company and its subsidiaries (together referred to as the Group).

The Consolidated Financial Statements were authorised for issue by the Directors on 16 March 2026.

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 61. The financial position of the Group and 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 154 to 161.

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 hundred thousand. 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 this 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 facility of £270 million that matures in November 2029 and at December 2025, £125 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 1.8 times (covenant maximum of three times) and interest cover of 5.7 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 from the date these financial statements were authorised for issue) 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 2025 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 2025. 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 21 – *"Lack of exchangeability"*

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 IFRS 9 and IFRS 7 – *"Amendments to the classification and measurement of financial instruments"*
- Amendments to IFRS 9 and IFRS 7 – *"Contracts referencing nature-dependant electricity"*
- Annual improvements to IFRS Accounting Standards – Volume 11 – *"Amendments to IFRS 1 First-time adoption of international financial reporting standards, IFRS 7 Financial instruments: disclosures and its accompanying guidance on implementing IFRS 7, IFRS 9 Financial instruments, IFRS 10 Consolidated financial statements and IAS 7 Statement of cash flows"*
- 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 except as disclosed below.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027. The standard introduces new requirements for the presentation of income and expenses in defined categories within the Income Statement, including a newly specified operating profit subtotal, new disclosures for management-defined performance measures, enhanced requirements for the aggregation and disaggregation of information, and limited consequential changes to the Statement of Cash Flows, including use of operating profit as the starting point for operating cash flows presented under the indirect method. The Group does not intend to early adopt IFRS 18 and is continuing to assess the impact of the new standard on the presentation and disclosure of its financial statements. Based on the assessment performed to date, the principal areas expected to be affected are the structure of the Consolidated Income Statement, the presentation of the Consolidated Statement of Cash Flows and disclosure arising from the application of the enhanced aggregation and disaggregation requirements.

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 29.

Notes to the Consolidated Financial Statements continued

1 Accounting policies continued

Alternative performance measures and adjusting items continued

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 29.

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 life 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 cash generating unit (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 2025 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 Group recognises provisions for dilapidations and restoration where it has a present legal or constructive obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. The provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Dilapidations provisions are recognised for the expected cost of restoring leased properties to the condition required under lease agreements. Estimates are prepared using condition assessments and schedules of works, supported where appropriate by external surveyors, and reflect the expected scope of reinstatement at lease end (or earlier surrender/break where applicable). Expenditure incurred is charged against the provision when the works are undertaken.

Restoration provisions are recognised for obligations to reinstate quarry and mineral sites in accordance with planning permissions and other statutory requirements. Estimates are based on approved restoration plans (including the expected scope and phasing of works) and current unit rates, with input from operational teams and specialist advisers where relevant. Progressive restoration is expensed as incurred; obligations relating to final reinstatement are provided for when a present obligation exists, the outflow is considered probable and a reliable estimate can be made.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax risk-free discount rate (for example, a Government bond yield of appropriate duration). The Group applies a risk-free rate because the principal risks specific to the liabilities are reflected in the estimated cash flows used to measure the provisions. Estimates incorporate assumptions about timing, inflation and cost escalation where material.

Provisions are reviewed at each reporting date and adjusted to reflect management's current best estimate of expenditures that will be required to settle the obligations. Changes in the estimated amount or timing of outflows are recognised in profit or loss, except where the obligation is associated with an asset for which the related cost is capitalised (for example, restoration obligations recognised at commencement of a lease), in which case the corresponding adjustment is made to the carrying amount of the related asset to the extent that asset continues to be recognised.

Notes to the Consolidated Financial Statements continued

1 Accounting policies continued

Material accounting policy information continued

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).

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

	2025 £'m	2024 £'m
Revenue		
Landscaping Products	**265.8**	268.3
Building Products	**172.0**	164.6
Roofing Products	**194.3**	186.3
Revenue	**632.1**	619.2
Operating profit		
Landscaping Products	**0.6**	10.7
Building Products	**13.0**	14.1
Roofing Products	**50.2**	49.4
Central costs	**(7.4)**	(7.5)
Adjusted operating profit	**56.4**	66.7
Adjusting items (see Note 4)	**(24.4)**	(12.8)
Reported operating profit	**32.0**	53.9
Net finance charges (Note 6)	**(14.3)**	(14.5)
Profit before tax	**17.7**	39.4
Taxation (Note 7)	**(3.3)**	(8.4)
Profit after tax	**14.4**	31.0

The Group has two customers which each contributed more than 10% of total revenue in the current and prior year.

Notes to the Consolidated Financial Statements continued

2 Segmental analysis continued

Segment revenues and operating profit continued

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.

Geographical destinations of revenue

The geographical destinations of revenue are the United Kingdom £631.1 million (2024: £617.8 million) and Rest of the World £1.0 million (2024: £1.4 million).

Segment assets

	2025 £'m	2024 £'m
Property, plant and equipment, right-of-use assets, intangible assets and inventory:		
Landscaping Products	212.9	222.6
Building Products	139.4	142.2
Roofing Products	578.8	584.3
Total segment property, plant and equipment, right-of-use assets, intangible assets and inventory	931.1	949.1
Unallocated assets	110.3	127.0
Consolidated total assets	1,041.4	1,076.1

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	
	2025 £'m	2024 £'m	2025 £'m	2024 £'m
Landscaping Products	14.9	17.8	10.6	21.2
Building Products	8.0	8.0	6.5	8.2
Roofing Products	5.7	5.3	8.4	3.8
	28.6	31.1	25.5	33.2
Included in adjusting items (Note 4)	10.3	10.4	–	–
	38.9	41.5	25.5	33.2

Depreciation and amortisation includes £10.3 million (2024: £10.4 million) of amortisation of intangible assets arising from the purchase price allocation exercises comprising £nil (2024: £0.1 million) in Landscaping Products, £1.1 million (2024: £1.1 million) in Building Products and £9.2 million (2024: £9.2 million) in Roofing Products. The amortisation has been treated as an adjusting item (Note 4).

Impairments of £4.5 million (2024: £nil) within property, plant and equipment all relate to the Landscape Products operating segment.

3 Net operating costs

	2025 £'m	2024 £'m
Raw materials and consumables	238.8	237.5
Changes in inventories of finished goods and work in progress	0.9	(14.4)
Personnel costs (Note 5)	133.7	132.8
Depreciation of property, plant and equipment	19.8	22.1
Depreciation of right-of-use assets	6.8	7.3
Amortisation of intangible assets	12.3	12.1
Asset impairments (Note 4)	4.5	–
Own work capitalised	(0.2)	(1.3)
Other operating costs	175.4	174.0
Redundancy and other similar costs (Note 4)	9.6	–
Operating costs	601.6	570.1
Other operating income	(1.6)	(2.9)
Net gain on asset and property disposals	0.1	(1.9)
Net operating costs	600.1	565.3
Adjusting items (Note 4)	(24.4)	(12.8)
Adjusted net operating costs	575.7	552.5

	2025 £'m	2024 £'m
Net operating costs include:		
Auditor's remuneration (see below)	0.8	0.8
Short-term and low-value lease costs	5.1	2.7
Research and development costs	1.3	1.8

In respect of the year under review, Deloitte LLP carried out work in relation to:

	2025 £'m	2024 £'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 £42,000 associated with Deloitte LLP's review of the Group's Half Year Report (2024: £40,000).

Notes to the Consolidated Financial Statements continued

4 Adjusting items

	2025 £'m	2024 £'m
Amortisation of intangible assets arising on acquisition (i)	**10.3**	10.4
Redundancy and similar costs (ii)	**9.6**	—
Impairment of property, plant and equipment (iii)	**4.5**	—
Transformation costs (iv)	**—**	2.5
Contingent consideration (v)	**—**	1.6
Significant property disposal (vi)	**—**	(1.7)
Adjusting items within operating profit (Note 3)	**24.4**	12.8
Adjusting items within financial expenses (vii) (Note 6)	**1.6**	—
Adjusting items before taxation	**26.0**	12.8
Current tax on adjusting items (Note 7)	**(2.7)**	(0.7)
Deferred tax on adjusting items (Note 7)	**(3.7)**	(2.6)
Adjusting items after taxation	**19.6**	9.5

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) Restructuring and similar costs arose during major restructuring exercises conducted when the Group took steps to reduce the cost base as part of the Landscaping Products improvement plan.

(iii) The impairment of property, plant and equipment arose in connection with the major restructuring exercise noted above.

(iv) Transformation costs represent costs incurred in respect of the 'Transform & Grow' strategy.

(v) 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.

(vi) The significant property disposal gain arose on the disposal of the Group's former manufacturing site in Carluke.

(vii) Loan refinancing costs connected with renewal of banking facilities.

5 Personnel costs

	2025 £'m	2024 £'m
Personnel costs (including amounts charged in the year in relation to Directors):		
Wages and salaries	**108.2**	108.2
Social security costs	**13.4**	11.7
Share-based payments	**1.0**	1.8
Contributions to defined contribution pension scheme	**11.1**	11.1
Included in net operating costs (Note 3)	**133.7**	132.8
Personnel costs relating to redundancy and other costs	**6.1**	—
Total personnel costs	**139.8**	132.8

	2025 £'m	2024 £'m
Remuneration of Directors:		
Salary	**1.4**	1.5
Other benefits	**0.1**	0.1
MIP Element A bonus	**0.2**	0.7
MIP Element B bonus	**0.1**	0.4
Amounts receivable under the MIP at the end of cycle 3	**0.3**	0.5
Salary supplement in lieu of pension	**0.1**	0.1
Non-Executive Directors' fees and fixed allowances	**0.6**	0.5
	2.8	3.8

The aggregate of emoluments and amounts receivable under the Management Incentive Plan (MIP) of the highest-paid Director was £0.8 million (2024: £1.0 million), including a salary supplement in lieu of pension of £nil (2024: £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 97, 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 96 to 103.

The average monthly number of persons employed by the Group during the year was:

	2025 Number	2024 Number
Continuing operations		
Landscaping Products	**1,113**	1,213
Building Products	**652**	621
Roofing Products	**539**	526
Plc	**120**	121
	2,424	2,481

Notes to the Consolidated Financial Statements continued

6 Financial expenses and income

	2025 £'m	2024 £'m
(a) Financial expenses		
Interest expense on bank loans	**11.3**	12.5
Interest expense on lease liabilities	**2.0**	1.7
Net interest expense on defined benefit pension scheme	**–**	0.3
(b) Adjusting items		
Adjusting interest expense on refinancing of bank loans (Note 4)	**1.6**	–
(c) Financial income		
Net interest income on defined benefit pension scheme	**(0.6)**	–
Interest receivable and similar income	**–**	–
Net financial expenses	**14.3**	14.5

Net interest expense on the defined benefit pension scheme is disclosed net of Company recharges for scheme administration (Note 21).

7 Income tax expense

	2025 £'m	2024 £'m
Current tax expense		
Current year	**7.8**	13.7
Adjustments for prior years	**(1.2)**	–
	6.6	13.7
Deferred tax expense		
Origination and reversal of temporary differences:		
Current year	**(3.5)**	(4.0)
Adjustments for prior years	**0.2**	(1.3)
Total tax expense	**3.3**	8.4
Current tax on adjusting items (Note 4)	**2.7**	0.7
Deferred tax on adjusting items (Note 4)	**3.7**	2.6
Total adjusted tax expense	**9.7**	11.7

	2025 %	2025 £'m	2024 %	2024 £'m
Reconciliation of effective tax rate				
Profit before tax	**100.0**	**17.7**	100.0	39.4
Tax using domestic corporation tax rate	**24.9**	**4.4**	25.0	9.9
Impact of capital allowances in excess of depreciation	**8.5**	**1.5**	1.5	0.6
Non-taxable income	**(15.3)**	**(2.7)**	(1.2)	(0.5)
Short-term timing differences	**1.7**	**0.3**	2.1	0.8
Adjustment to tax charge in prior year	**(6.8)**	**(1.2)**	–	–
Expenses not deductible for tax purposes	**24.3**	**4.3**	7.4	2.9
Corporation tax charge for the year	**37.3**	**6.6**	34.8	13.7
Impact of capital allowances in excess of depreciation	**(8.5)**	**(1.5)**	(1.5)	(0.6)
Impact of intangible amortisation	**(15.8)**	**(2.8)**	(7.2)	(2.8)
Short-term timing differences	**3.4**	**0.6**	(1.2)	(0.5)
Pension scheme movements	**1.1**	**0.2**	(0.2)	(0.1)
Adjustment to tax charge in prior year	**1.1**	**0.2**	(3.4)	(1.3)
Total tax charge for the year	**18.6**	**3.3**	21.3	8.4

The net amount of deferred taxation debited to the Consolidated Statement of Comprehensive Income in the year was £0.1 million (2024: credited £3.2 million).

The majority of the Group's profits are earned in the UK, which has a corporation tax of 25% for the year to 31 December 2025.

The adjustment for prior years relating to the deferred tax expense arises from a cautious view of capital allowances claimable. The corresponding amount in the corporation tax 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%. The newly enacted legislation was effective from 1 January 2024 but there is no current tax impact for the year ended 31 December 2025.

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 2025 the Group would not expect that any top-up tax would have arisen.

Notes to the Consolidated Financial Statements continued

8 Earnings per share

Basic earnings per share from total operations of 5.7 pence (2024: 12.3 pence) per share is calculated by dividing the profit attributable to Ordinary Shareholders for the financial year, after adjusting for non-controlling interests, of £14.4 million (2024: £31.0 million) by the weighted average number of shares in issue during the period of 252,868,921 (2024: 252,807,833).

Basic earnings per share after adding back adjusting items of 13.4 pence (2024: 16.0 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 £34.0 million (2024: £40.5 million) by the weighted average number of shares in issue during the period of 252,868,921 (2024: 252,807,833).

Profit attributable to Ordinary Shareholders

	2025 £'m	2024 £'m
Profit before adding back adjusting items	**34.0**	40.5
Adjusting items	**(19.6)**	(9.5)
Profit for the financial year	**14.4**	31.0

Weighted average number of Ordinary Shares

	2025 Number	2024 Number
Number of issued Ordinary Shares	**252,968,728**	252,968,728
Effect of shares transferred into Employee Benefit Trust	**(99,807)**	(160,895)
Weighted average number of Ordinary Shares at the end of the year	**252,868,921**	252,807,833

Diluted earnings per share from total operations of 5.6 pence (2024: 12.2 pence) per share is calculated by dividing the profit for the financial year, after adjusting for non-controlling interests, of £14.4 million (2024: £31.0 million) by the weighted average number of shares in issue during the period of 252,868,921 (2024: 252,807,833) plus potentially dilutive shares of 1,636,634 (2024: 999,738), which totals 254,505,555 (2024: 253,807,571).

Diluted earnings per share after adding back adjusting items of 13.3 pence (2024: 16.0 pence) per share is calculated by dividing the adjusted profit for the financial year, after adjusting for non-controlling interests, of £34.0 million (2024: £40.5 million) by the weighted average number of shares in issue during the period of 252,868,921 (2024: 252,807,833) plus potentially dilutive shares of 1,636,634 (2024: 999,738), which totals 254,505,555 (2024: 253,807,571).

Weighted average number of Ordinary Shares (diluted)

	2025 Number	2024 Number
Weighted average number of Ordinary Shares	**252,868,921**	252,807,833
Potentially dilutive shares	**1,636,634**	999,738
Weighted average number of Ordinary Shares (diluted)	**254,505,555**	253,807,571

9 Dividends

After the Balance Sheet date, a final dividend of 4.5 pence was proposed by the Directors. This dividend has not been provided for and there are no income tax consequences.

	Pence per qualifying share	2025 £'m	2024 £'m
2025 final	**4.5**	**11.4**	
2025 interim	**2.2**	**5.5**	
	6.7	**16.9**	
2024 final	**5.4**		13.7
2024 interim	**2.6**		6.6
	8.0		20.3

The following dividends were approved by the shareholders and recognised in the Financial Statements:

	Pence per qualifying share	2025 £'m	2024 £'m
2025 interim	**2.2**	**5.5**	
2024 final	**5.4**	**13.7**	
	7.6	**19.2**	
2024 interim	**2.6**		6.6
2023 final	**5.7**		14.4
	8.3		21.0

The Board recommends a final dividend for 2025 of 4.5 pence per qualifying Ordinary Share amounting to £11.4 million, to be paid on 1 July 2026 to shareholders registered at the close of business on 5 June 2026. The shares will be marked ex-dividend on 4 June 2026.

Notes to the Consolidated Financial Statements continued

10 Goodwill

	Goodwill £'m
Cost	
At 1 January 2024	333.3
Recognised on acquisition of subsidiary	—
At 31 December 2024	333.3
At 1 January 2025	**333.3**
Recognised on acquisition of subsidiary	**—**
At 31 December 2025	**333.3**
Amortisation and impairment losses	
At 1 January and 31 December 2024	8.9
At 1 January and 31 December 2025	**8.9**
Carrying amounts	
At 1 January 2024	324.4
At 31 December 2024	324.4
At 31 December 2025	**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:

	2025 £'m	2024 £'m
Landscaping Products	**34.8**	34.8
Building Products	**43.7**	43.7
Roofing Products	**245.9**	245.9
	324.4	324.4

The Group conducted a full impairment review in the year to determine the recoverable amount based on a value in use calculation for each CGU compared to the carrying amounts to which goodwill is allocated. This assessment concluded that the recoverable amount exceeded the carrying amount for each CGU and no impairment was required. The value-in-use calculation uses cash flow projections based on management's latest forecasts covering a five-year period and a post-tax discount rate of 9.9% (2024: 10.0%). Cash flows beyond that five-year period have been extrapolated using a 2.4% (2024: 2.4%) growth rate. This growth rate reflects the long-term structural growth in demand for our products.

At the end of the financial year, the recoverable amount of the Landscaping Products CGU exceeded the carrying amount by £60 million. During 2025, the performance of the Marshalls Landscaping CGU was impacted by subdued market conditions leading to profits being below expectation. Within the five-year forecast period, cash flows are dependent on the successful execution of the Landscaping Products improvement plan and the 'Transform & Grow' strategy. This plan includes operational efficiency improvements, delivering commercial excellence, a normalisation of competitive dynamics, and growth in volumes aligned with industry consensus for the market. The combination of these assumptions is included within the value-in-use of the Landscaping Products CGU, which forecasts a revenue CAGR of 6%, and given the subjective nature of these assumptions it is reasonably possible that they will not occur as the directors forecast. The Group has performed a sensitivity analysis on the reasonably possible changes in key assumptions which illustrates that a reduction in forecast revenue CAGR of around 2ppts would be required before the carrying amounts exceeded the value in use. The impairment review is also sensitive to changes in the discount rate with an increase of 140 basis points in the post-tax discount rate to reduce the headroom to £nil.

At the end of 2025, the recoverable amount of the Roofing Products CGU was £80 million higher than the carrying amount and assumed a revenue CAGR of 8%. The CAGR in the Roofing Products CGU is sensitive to future political and regulatory decisions and the industry's interpretation of the most effective solution to building regulations 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 energy efficiency of residential properties and specificity on how they should be achieved represent reasonably possible downside risks that could give rise to a future impairment charge. The Group has performed a sensitivity analysis on the reasonably possible changes in key assumptions which illustrates that a reduction in revenue CAGR of around 3ppts would be required to before the carrying amounts exceeded the value in use. The impairment review is also sensitive to changes in the discount rate with an increase of 110 basis points in the post-rate discount rate to reduce the headroom to £nil.

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts of Building Products CGU are based on would not cause the aggregate carrying amounts to exceed the aggregate recoverable amounts.

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 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
At 1 January 2025	**82.8**	**158.2**	**1.6**	**1.7**	**0.7**	**30.8**	**275.8**
Additions	**—**	**—**	**—**	**—**	**—**	**0.5**	**0.5**
At 31 December 2025	**82.8**	**158.2**	**1.6**	**1.7**	**0.7**	**31.3**	**276.3**
Amortisation and impairment losses							
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
At 1 January 2025	**7.2**	**26.8**	**1.6**	**1.6**	**0.7**	**20.1**	**58.0**
Amortisation for the year	**2.4**	**7.9**	**—**	**0.1**	**—**	**1.9**	**12.3**
At 31 December 2025	**9.6**	**34.7**	**1.6**	**1.7**	**0.7**	**22.0**	**70.3**
Net book value							
At 31 December 2024	75.6	131.4	—	0.1	—	10.7	217.8
At 31 December 2025	**73.2**	**123.5**	**—**	**—**	**—**	**9.3**	**206.0**

Included in software additions is £0.2 million (2024: £1.0 million) of own work capitalised.

Notes to the Consolidated Financial Statements continued

11 Intangible assets continued

Group cost of software includes £0.2 million (2024: £1.9 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:

	2025 £'m	2024 £'m
Net operating costs (Note 3)	**12.3**	12.1

12 Property, plant and equipment

	Land and buildings £'m	Quarries £'m	Plant, machinery and vehicles £'m	Total £'m
Cost				
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
At 1 January 2025	**154.0**	**19.3**	**442.2**	**615.5**
Additions	**2.5**	**—**	**10.8**	**13.3**
Reclassifications from right-of-use-assets	**—**	**0.4**	**—**	**0.4**
Reclassified as held for sale	**(0.2)**	**—**	**—**	**(0.2)**
Disposals	**—**	**—**	**(0.8)**	**(0.8)**
At 31 December 2025	**156.3**	**19.7**	**452.2**	**628.2**
Depreciation and impairment losses				
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
At 1 January 2025	**50.4**	**8.4**	**321.9**	**380.7**
Depreciation charge for the year	**2.5**	**0.1**	**17.2**	**19.8**
Reclassified as held for sale	**—**	**—**	**—**	**—**
Impairments	**—**	**—**	**4.5**	**4.5**
Disposals	**—**	**—**	**(0.7)**	**(0.7)**
At 31 December 2025	**52.9**	**8.5**	**342.9**	**404.3**
Net book value				
At 31 December 2024	103.6	10.9	120.3	234.8
At 31 December 2025	**103.4**	**11.2**	**109.3**	**223.9**

The impairments in 2025, totalling £4.5 million, represent the assets being written down to recoverable value 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.

During the year ended 31 December 2025, property, plant and equipment with a book value of £0.2 million (2024: £0.7 million) has 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 2025 amounted to £0.9 million (2024: £1.5 million).

Group cost of land and buildings and plant and machinery includes £0.5 million (2024: £nil) and £5.2 million (2024: £2.0 million) respectively for assets in the course of construction.

Capital commitments

	2025 £'m	2024 £'m
Capital expenditure that has been contracted for but for which no provision has been made in the Consolidated Financial Statements	**3.1**	2.2

Depreciation charge

The depreciation charge is recognised in the following line item in the Consolidated Income Statement:

	2025 £'m	2024 £'m
Net operating costs (Note 3)	**19.8**	22.1

Notes to the Consolidated Financial Statements continued

13 Right-of-use assets

	Land and buildings £'m	Plant and equipment £'m	Total £'m
Cost			
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
At 1 January 2025	**21.8**	**35.8**	**57.6**
Additions	**3.2**	**8.5**	**11.7**
Reclassified to property, plant and equipment	**(0.4)**	**–**	**(0.4)**
Disposals	**(5.2)**	**(11.7)**	**(16.9)**
Modifications	**5.0**	**(1.9)**	**3.1**
At 31 December 2025	**24.4**	**30.7**	**55.1**
Depreciation and impairment losses			
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
At 1 January 2025	**4.4**	**20.8**	**25.2**
Depreciation charge for the year	**1.7**	**5.1**	**6.8**
Disposals	**(4.7)**	**(10.9)**	**(15.6)**
At 31 December 2025	**1.4**	**15.0**	**16.4**
Net book value			
At 31 December 2024	17.4	15.0	32.4
At 31 December 2025	**23.0**	**15.7**	**38.7**

Depreciation charge

The depreciation charge is recognised in the following line item in the Consolidated Income Statement:

	2025 £'m	2024 £'m
Net operating costs (Note 3)	**6.8**	7.3

Lease commitments

	2025 £'m	2024 £'m
Lease commitments that have been contracted for but have not yet commenced	**0.6**	2.6

In the year ended 31 December 2024, disposal of right-of-use assets principally arose in connection with the outsourcing of the Group's logistics function.

14 Inventories

	2025 £'m	2024 £'m
Raw materials and consumables	**28.0**	28.2
Finished goods and goods for resale	**109.2**	110.0
	137.2	138.2

Inventories stated at a net realisable value less than cost at 31 December 2025 amounted to £12.2 million (2024: £11.7 million). The write down of inventories made during the year amounted to £5.5 million (2024: £3.8 million), including £2.4 million in relation to an impairment relating to the closure of the Natural Stone processing site and partial closure of a Landscaping Products site (Note 4). There were £2.5 million of reversals of inventory write downs made in previous years in 2025 (2024: £1.7 million).

15 Trade and other receivables

	2025 £'m	2024 £'m
Trade receivables	**72.3**	72.7
Other receivables	**2.9**	3.4
Prepayments and accrued income	**4.4**	4.7
	79.6	80.8

Ageing of trade receivables

	2025 £'m	2024 £'m
Not past due	**58.0**	57.3
Overdue by less than 30 days	**14.2**	13.3
Overdue by between 30 and 60 days	**0.7**	1.0
Overdue by more than 60 days	**0.4**	2.2
	73.3	73.8

There were no net receivables due after more than one year (2024: £nil). All amounts above are disclosed gross of a provision for expected credit losses of £1.0 million (2024: £1.1 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

	2025 £'m	2024 £'m
Cash and cash equivalents	**4.9**	18.9

Notes to the Consolidated Financial Statements continued

17 Trade and other payables

	2025 £'m	2024 £'m
Current liabilities		
Trade payables	**66.2**	72.5
Taxation and social security	**10.0**	9.5
Other payables	**9.3**	9.9
Accruals	**31.8**	40.2
	117.3	132.1

All trade payables are due in six months or less.

Included within accruals is £0.9 million (2024: £1.1 million) in relation to outstanding insurance claim liabilities and £3.3 million (2024: £0.2 million) in relation to an accrual for redundancy costs.

During the year, following a review of the underlying obligations, £3.9 million of liabilities relating to restoration & dilapidation obligations were re-presented as provisions (previously accruals) to better reflect the uncertainties associated with these balances (see Note 22).

18 Interest-bearing loans and borrowings

	2025 £'m	2024 £'m
Analysed as:		
Non-current liabilities	**142.8**	152.8
	142.8	152.8

Bank loans
The bank loans are subject to intra-Group guarantees by certain subsidiary undertakings.

19 Lease liabilities

	2025 £'m	2024 £'m
Analysed as:		
Amounts due for settlement within twelve months (shown under current liabilities)	**5.6**	5.7
Amounts due for settlement after twelve months	**33.5**	29.7
	39.1	35.4

	2025			2024		
	Minimum lease payments £'m	Interest £'m	Principal £'m	Minimum lease payments £'m	Interest £'m	Principal £'m
Less than 1 year	**7.5**	**1.9**	**5.6**	7.2	1.5	5.7
1 to 2 years	**6.7**	**1.7**	**5.0**	6.0	1.4	4.6
2 to 5 years	**14.3**	**3.2**	**11.1**	13.6	2.9	10.7
In more than 5 years	**26.5**	**9.1**	**17.4**	19.9	5.5	14.4
	55.0	**15.9**	**39.1**	46.7	11.3	35.4

As at 31 December 2025, the total minimum lease payments (above) comprised property of £37.0 million (2024: £28.7 million) and plant, machinery and vehicles of £18.0 million (2024: £18.0 million).

Certain leased properties have been sublet by the Group. Sublease payments of £0.1 million (2024: £0.2 million) are expected to be received during the following financial year. An amount of £0.1 million (2024: £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 2025, the interest expense on lease liabilities amounted to £2.0 million (2024: £1.7 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 2025, the average effective borrowing rate was 4.9% (2024: 5.0%). 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 2025, the total cash outflow in relation to leases amounts to £9.1 million (2024: £7.0 million). The total cash outflow in relation to short-term and low-value leases was £5.1 million (2024: £2.7 million).

For the year ended 31 December 2024, lease liabilities totalling £24.4 million were derecognised 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 144.

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 2024.

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 2025 and 31 December 2024.

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

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 52 to 60. 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 pages 144 and 145.

(b) Interest rate risk

The Group has a single syndicated debt facility comprising a term loan of £120 million and revolving credit facility of £150 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.

80% of the £120 million term loan is covered by interest rate swaps and caps of varying maturities up until 2027, 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 £0.3 million asset (2024: £1.0 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 £0.3 million (2024: £1.4 million) has been recognised in other comprehensive income for the year with £1.1 million (2024: £2.2 million) being reclassified from equity to the Income Statement. The interest rate swaps have been fully effective in the period.

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 2024.

	2025 £'m	2024 £'m
Increase of 100 basis points	**(0.7)**	(0.7)
Decrease of 100 basis points	**0.7**	0.7

(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 140.

Cash and cash equivalents of £4.9 million (2024: £18.9 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 £0.3 million (2024: £1.1 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 £0.1 million liability (2024: £0.2 million) and is adjusted against the hedging reserve on an ongoing basis. During the year £0.2 million (2024: £0.2 million) has been recognised in other comprehensive income for the year, with £nil (2024: £0.1 million) being reclassified from equity to the Income Statement. At 31 December 2025 all outstanding forward exchange contracts had a maturity date within twelve months.

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued
Financial risks continued
(d) Foreign currency risk continued

The foreign currency profile of monetary items was:

	2025				2024			
	Sterling £'m	**Euro £'m**	**US Dollar £'m**	**Total £'m**	Sterling £'m	Euro £'m	US Dollar £'m	Total £'m
Cash and cash equivalents	**1.8**	**0.5**	**2.6**	**4.9**	14.1	1.1	3.7	18.9
Trade receivables	**71.6**	**0.1**	**0.6**	**72.3**	72.8	–	–	72.8
Secured bank loans	**(142.8)**	**–**	**–**	**(142.8)**	(152.8)	–	–	(152.8)
Trade payables	**(64.8)**	**(1.0)**	**(0.4)**	**(66.2)**	(70.7)	(1.6)	(0.2)	(72.5)
Lease liabilities	**(39.1)**	**–**	**–**	**(39.1)**	(35.4)	–	–	(35.4)
Derivative financial instruments	**0.3**	**–**	**(0.1)**	**0.2**	1.1	–	–	1.1
Balance Sheet exposure	**(173.0)**	**(0.4)**	**2.7**	**(170.7)**	(170.9)	(0.5)	3.5	(167.9)

A 10% strengthening and weakening of the following currencies against the Pound Sterling at 31 December 2025 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 2024:

	2025 £'m	2024 £'m
10% strengthening of £ against €	**–**	0.1
10% weakening of £ against €	**–**	(0.1)
10% strengthening of £ against $	**(0.2)**	(0.3)
10% weakening of £ against $	**0.2**	0.3

(e) Pricing risks

Where appropriate the Group used 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 2025. During the year £nil (2024: £0.1 million) has been recognised in other comprehensive income, with £nil (2024: £0.2 million) being reclassified from equity to the Income Statement. The fuel hedges were fully effective in the period to 31 December 2024.

When combining interest rate swaps, fuel hedges and forward contracts, this gives a total of £0.1 million credit (2024: £1.6 million credit) recognised in other comprehensive income for the year, with £1.1 million credit (2024: £2.4 million credit) being reclassified from equity to the Income Statement.

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

Financial risks continued

(f) Other risks

Further information about the Group's strategic and financial risks is contained in the Strategic Report on pages 52 to 60.

Effective interest rates and maturity of liabilities

At 31 December 2025 there was £39.1 million (2024: £35.4 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 25).

	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 2025								
Cash and cash equivalents (Note 16)	**Variable**	**6.3**	**(4.9)**	**(4.9)**	**—**	**—**	**—**	**—**
Interest-bearing loans and borrowings (Note 18)	**Variable**	**6.3**	**142.8**	**—**	**—**	**—**	**142.8**	**—**
Lease liabilities (Note 19)	**Fixed**	**4.9**	**39.1**	**2.8**	**2.8**	**5.0**	**11.1**	**17.4**
			177.0	**(2.1)**	**2.8**	**5.0**	**153.9**	**17.4**

	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 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

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 2025								
Interest-bearing loans and borrowings	**Variable**	**142.8**	**173.5**	**4.0**	**3.9**	**7.9**	**157.7**	**—**
Trade and other payables	**Variable**	**112.7**	**112.7**	**112.7**	**—**	**—**	**—**	**—**
Lease liabilities	**Fixed**	**39.1**	**55.0**	**3.7**	**3.8**	**6.7**	**14.3**	**26.5**
Derivative financial assets	**Fixed**	**(0.2)**	**(0.2)**	**—**	**(0.1)**	**(0.1)**	**—**	**—**
		294.4	**341.0**	**120.4**	**7.6**	**14.5**	**172.0**	**26.5**

	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

Notes to the Consolidated Financial Statements continued

20 Financial instruments continued

Borrowing facilities

The total bank borrowing facility at 31 December 2025 amounted to £270.0 million (2024: £315.0 million), of which £125.0 million (2024: £160.0 million) remained unutilised. The undrawn facility available at 31 December 2025, in respect of which all conditions precedent had been met, was as follows:

	2025 £'m	2024 £'m
Committed:		
Expiring in more than 5 years	–	–
Expiring in more than 2 years but not more than 5 years	125.0	160.0
Expiring in 1 year or less	–	–
Uncommitted:	–	–
Expiring in 1 year or less	–	–
	125.0	160.0

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.

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 2025 is shown below:

	2025		2024	
	Book amount £'m	Fair value £'m	Book amount £'m	Fair value £'m
Trade and other receivables	75.2	75.2	76.1	76.1
Cash and cash equivalents	4.9	4.9	18.9	18.9
Bank loans	(142.8)	(142.0)	(152.8)	(146.1)
Trade payables, other payables and provisions	(112.7)	(112.7)	(122.8)	(122.8)
Interest rate swaps, forward contracts and fuel hedges	0.2	0.2	1.1	1.1
Contingent consideration	–	–	(6.6)	(6.6)
Financial instrument assets and liabilities – net	(175.2)		(186.1)	
Non-financial instrument assets and liabilities – net	830.9		847.4	
	655.7		661.3	

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 148 and 149.

(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 2025				
Derivative financial assets	–	0.2	–	0.2
Contingent consideration (Note 22)	–	–	–	–
	–	0.2	–	0.2
31 December 2024				
Derivative financial assets	–	1.1	–	1.1
Contingent consideration (Note 22)	–	–	(6.6)	(6.6)
	–	1.1	(6.6)	(5.5)

Notes to the Consolidated Financial Statements continued

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 the sensitivity of the actuarial funding position to movements in interest rates and inflation rates.

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 2024. The results of that valuation have been projected to 31 December 2025 by a qualified independent actuary. The Scheme is in a surplus position and the Company does not expect cash contributions to be payable during the year to 31 December 2026.

The figures in the following disclosure were measured using the projected unit method.

The amounts recognised in the Consolidated Balance Sheet were as follows:

	2025 £'m	2024 £'m
Present value of Scheme liabilities	**(200.9)**	(204.2)
Fair value of Scheme assets	**225.8**	228.3
Net amount recognised at the year end (before any adjustments for deferred tax)	**24.9**	24.1

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.

	2025 £'m	2024 £'m
Net interest (income)/expense recognised in the Consolidated Income Statement	**(0.6)**	0.3
Remeasurements of the net liability:		
Return on Scheme assets (excluding amount included in interest expense)	**0.6**	18.9
Gain arising from changes in financial assumptions	**(4.0)**	(22.3)
Loss/(gain) arising from changes in demographic assumptions	**1.9**	(3.1)
Experience loss/(gain)	**1.3**	(6.9)
Debit recorded in other comprehensive income	**(0.2)**	(13.4)
Total defined benefit credit	**(0.8)**	(13.1)

The principal actuarial assumptions used were:

	2025	2024
Liability discount rate	**5.5%**	5.4%
Inflation assumption – RPI	**2.9%**	3.2%
Inflation assumption – CPI	**2.5%**	2.8%
Rate of increase in salaries	**n/a**	n/a
Revaluation of deferred pensions	**2.5%**	2.8%
Increases for pensions in payment:		
CPI pension increases (maximum 5% p.a.)	**2.5%**	2.7%
CPI pension increases (maximum 5% p.a., minimum 3% p.a.)	**3.4%**	3.5%
CPI pension increases (maximum 3% p.a.)	**2.0%**	2.1%
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**	S4PXA tables
Loading	**116%**	116%
Projection basis	**Year of birth CMI_2024 1.0%**	Year of birth CMI_2023 1.0%
Mortality assumption – after retirement (females)	**S4PXA tables**	S4PXA tables
Loading	**116%**	116%
Projection basis	**Year of birth CMI_2024 1.0%**	Year of birth CMI_2023 1.0%
Future expected lifetime of current pensioner at age 65:		
Male aged 65 at year end	**85.2**	84.8
Female aged 65 at year end	**87.5**	87.3
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end	**86.1**	85.7
Female aged 45 at year end	**88.6**	88.4

Notes to the Consolidated Financial Statements continued

21 Employee benefits continued

Changes in the present value of assets over the year

	2025 £'m	2024 £'m
Fair value of assets at the start of the year	**228.3**	250.4
Interest income	**12.1**	11.2
Return on assets (excluding amount included in net interest expense)	**(0.6)**	(18.9)
Benefits paid	**(13.2)**	(13.6)
Administration expenses	**(0.8)**	(0.8)
Fair value of assets at the end of the year	**225.8**	228.3

Changes in the present value of liabilities over the year

	2025 £'m	2024 £'m
Liabilities at the start of the year	**204.2**	239.4
Past service cost	**—**	—
Interest cost	**10.8**	10.7
Remeasurement:		
Actuarial gain arising from changes in financial assumptions	**(4.0)**	(22.3)
Actuarial loss/(gain) arising from changes in demographic assumptions	**1.9**	(3.1)
Experience loss/(gain)	**1.3**	(6.9)
Benefits paid	**(13.3)**	(13.6)
Liabilities at the end of the year	**200.9**	204.2

The split of the Scheme's liabilities by category of membership is as follows:

	2025 £'m	2024 £'m
Deferred pensioners	**88.3**	79.9
Pensioners in payment	**112.6**	124.3
	200.9	204.2
Average duration of the Scheme's liabilities at the end of the year (in years)	**12**	12

The major categories of Scheme assets are as follows:

	2025 £'m	2024 £'m
Return-seeking assets		
UK equities	**—**	0.8
Overseas equities	**—**	24.3
Asset backed securities	**35.6**	17.1
Other equity type investments	**26.9**	26.9
Total return-seeking assets	**62.5**	69.1
Other		
Insured pensioners	**0.3**	0.3
Cash	**5.2**	4.1
Property	**—**	28.9
Liability-driven investments and bonds	**157.8**	125.9
Total matching assets	**163.3**	159.2
Total market value of assets	**225.8**	228.3

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 2026.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate were 0.5% 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% higher/(lower), the Scheme liabilities would increase by £4.8 million (decrease by £4.8 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 £5.0 million/(decrease by £5.0 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

Share based payments

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 96 to 103.

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	6,046	–	2019
Equity settled awards granted to other employees	25,138	0.1	2021
Equity settled awards granted to Directors of Marshalls plc	88,679	0.3	2022
Equity settled awards granted to other employees	97,317	0.3	2022
Equity settled awards granted to Directors of Marshalls plc	85,714	0.3	2023
Equity settled awards granted to other employees	67,951	0.2	2023
Equity settled awards granted to Directors of Marshalls plc	179,690	0.5	2024
Equity settled awards granted to other employees	147,689	0.5	2024
Equity settled awards granted to Directors of Marshalls plc	299,377	0.5	2025
Equity settled awards granted to other employees	277,303	0.5	2025
	1,274,904	3.2	

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):

	2025		2024	
	£'m	**Shares**	£'m	Shares
Equity settled awards granted to Directors of Marshalls plc	**1.6**	**653,460**	2.2	694,900
Equity settled awards granted to other employees	**1.6**	**621,444**	3.1	787,462
	3.2	**1,274,904**	5.3	1,482,362

	2025		2024	
	Value £'m	**Number of options**	Value £'m	Number of options
Outstanding at 1 January	**5.3**	**1,482,362**	3.8	966,157
Granted	**1.0**	**576,680**	2.4	777,636
Change in value of notional shares	**(0.4)**	**(212,611)**	0.3	122,752
Lapsed	**–**	**–**	–	–
Element released	**(2.7)**	**(571,527)**	(1.2)	(384,183)
Outstanding at 31 December	**3.2**	**1,274,904**	5.3	1,482,362

The total expenses recognised for the period arising from share-based payments were as follows:

	2025 £'m	2024 £'m
Awards granted and total expense recognised as employee costs	**1.6**	4.0

Further details in relation to the Directors are set out in the Remuneration Committee Report on pages 96 to 103. Included in the total expense of £1.6 million (2024: £4.0 million) is an amount of £0.8 million (2024: £2.4 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 2025 were over 159,374 shares (31 December 2024: 146,611). The total expenses recognised for the year arising from share-based payments were £0.6 million (2024: £1.0 million).

Employee profit sharing scheme

At 31 December 2025 the scheme held 42,245 (2024: 42,245) Ordinary Shares in the Company.

22 Provisions

	Contingent consideration £'m	Other leasehold dilapidations and quarry restoration £'m	Total £'m
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
At 1 January 2025	**6.6**	**–**	**6.6**
Reclassification	**–**	**3.9**	**3.9**
Payments made	**(6.6)**	**(0.1)**	**(6.7)**
Increase in the provision in the period	**–**	**1.4**	**1.4**
At 31 December 2025	**–**	**5.2**	**5.2**

Notes to the Consolidated Financial Statements continued

22 Provisions continued

	2025 £'m	2024 £'m
Analysed as:		
Current liabilities	–	6.6
Non-current liabilities	5.2	–
	5.2	6.6

The Group recognises provisions for leasehold dilapidations and quarry restoration obligations, representing the estimated expenditure required to settle the present obligations arising from past events associated with our sites. Dilapidations provisions reflect the expected cost of reinstating leased properties to the condition required under lease agreements at the end of the lease term. Restoration provisions reflect the expected cost of reinstating quarry and mineral sites in accordance with planning consents and other statutory requirements. Both sets of provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, based on internal and external professional assessments, and are discounted using UK Government bond rates with similar maturities. The timing and amount of outflows depend on the lease expiry profile and quarry restoration plans and are subject to uncertainty, principally relating to the scope of works, future contractor pricing, inflation and any changes in regulatory requirements; actual outcomes may differ from estimates.

As part of the acquisition of Marley, there was an obligation to pay the vendors of Viridian Solar Limited deferred consideration which was contingent on the achievement of certain performance targets in the period post-acquisition. As at 31 December 2024 the Group included £6.6 million as contingent consideration. The relevant targets were met and £6.6 million was paid in cash to the vendors during 2025.

A charge of £nil (2024: £1.6 million) has been included in adjusting items (Note 4).

23 Deferred taxation

Recognised deferred taxation assets and liabilities

	Assets		Liabilities	
	2025 £'m	2024 £'m	2025 £'m	2024 £'m
Property, plant and equipment	–	–	(20.1)	(21.6)
Intangible assets	–	–	(50.5)	(53.3)
Inventories	–	–	(0.5)	(0.3)
Employee benefits	–	–	(6.2)	(6.0)
Equity settled share-based payments	0.2	0.8	–	–
Other items	0.5	1.3	(1.8)	(2.5)
Tax assets/(liabilities)	0.7	2.1	(79.1)	(83.7)

The deferred taxation liability at 31 December 2025 has been calculated at 25.0% 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 £6.2 million (2024: £6.0 million) in relation to employee benefits is in respect of the net surplus for the defined benefit obligations of £24.9 million (2024: £24.1 million) (Note 21) calculated at 25.0% (2024: 25.0%).

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 2025 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 2025

	1 January 2025 £'m	Recognised in income £'m	Prior year adjustment £'m	Recognised in other comprehensive income £'m	Recognised in Statement of Changes in Equity £'m	31 December 2025 £'m
Property, plant and equipment	(21.6)	1.4	0.1	–	–	(20.1)
Intangible assets	(53.3)	2.8	–	–	–	(50.5)
Inventories	(0.3)	–	(0.2)	–	–	(0.5)
Employee benefits	(6.0)	(0.1)	–	(0.1)	–	(6.2)
Equity settled share-based payments	0.8	(0.6)	–	–	–	0.2
Other items	(1.2)	–	(0.2)	0.2	(0.1)	(1.3)
	(81.6)	3.5	(0.3)	0.1	(0.1)	(78.4)

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	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)

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:

Ordinary Shares (25 pence nominal)	Authorised Number	Authorised Value £'m	Issued and paid up Number	Issued and paid up Value £'m
At 1 January and 31 December 2025	**300,000,000**	**75.0**	**252,968,728**	**63.2**

Share premium account and merger reserve

	Share premium account 2025 £'m	Share premium account 2024 £'m	Merger reserve 2025 £'m	Merger reserve 2024 £'m
At 1 January and 31 December	**200.0**	200.0	**141.6**	141.6

Merger reserve

The merger reserve relates to the issue of 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 pages 113 and 114.

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.

	2025 £'m	2024 £'m
4.5 pence final dividend (2024: 5.4 pence) per Ordinary Share	**11.4**	13.7

25 Analysis of net debt

	1 January 2025 £'m	Cash flow £'m	Movement in leases £'m	Other changes* £'m	31 December 2025 £'m
Cash at bank and in hand	18.9	(13.8)	–	(0.2)	**4.9**
Debt due after 1 year	(152.8)	10.0	–	–	**(142.8)**
Lease liabilities	(35.4)	6.9	(10.6)	–	**(39.1)**
	(169.3)	3.1	(10.6)	(0.2)	**(177.0)**

* 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

	2025 £'m	2024 £'m
Net decrease in cash equivalents	**(13.8)**	(15.7)
Cash outflow from decrease in bank borrowings	**10.0**	55.0
Cash outflow from principal lease repayments	**6.9**	5.3
New leases entered into	**(10.6)**	(20.4)
Lease liability derecognised (Note 19)	**–**	24.4
Effect of exchange rate fluctuations	**(0.2)**	(0.3)
Movement in net debt in the year	**(7.7)**	48.3
Net debt at 1 January	**(169.3)**	(217.6)
Net debt at 31 December	**(177.0)**	(169.3)

Notes to the Consolidated Financial Statements continued

26 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 2025 £'m	Financing cash flows* £'m	Derecognition of liabilities (Note 19) £'m	Other changes** £'m	**31 December 2025 £'m**
Interest-bearing loans and borrowings (Note 18)	(152.8)	10.0	—	—	**(142.8)**
Lease liabilities (Note 19)	(35.4)	6.9	—	(10.6)	**(39.1)**
Total liabilities from financing activities	(188.2)	16.9	—	(10.6)	**(181.9)**

			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)

* 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.

27 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	14 Dec 2020 to 30 Oct 2026	Employer's liability
AIOI Nissay Dowa Insurance UK Limited	£0.6 million	22 Dec 2020 to 30 Oct 2026	Vehicle insurance
M S Amlin Limited	£0.8 million	10 Feb 2020 to 9 Feb 2027	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
Marshalls Building Products Limited	00113882
Marshalls Properties Limited	04349470
Marshalls EBT Limited	05472428
CPM Group Limited	01005164

28 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 2025 and their immediate relatives control 0.1186% (2024: 0.1096%) 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 96 to 103.

Notes to the Consolidated Financial Statements continued

29 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 loss 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:

	2025 £'m	2024 £'m
Operating profit	**32.0**	53.9
Adjusting items (Note 4)	**24.4**	12.8
Adjusted operating profit	**56.4**	66.7
Amortisation (excluding amortisation of intangible assets arising on acquisitions)	**2.0**	1.7
Adjusted EBITA	**58.4**	68.4
Depreciation	**26.6**	29.4
Adjusted EBITDA	**85.0**	97.8
Loss/(profit) on sale of property, plant and equipment	**0.1**	(0.2)
Right-of-use asset principal payments	**(6.9)**	(5.3)
Pre-IFRS 16 adjusted EBITDA	**78.2**	92.3

Notes to the Consolidated Financial Statements continued

29 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 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 25. 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 25 is reconciled to pre-IFRS 16 net debt and pre-IFRS 16 net debt leverage below:

	2025 £'m	2024 £'m
Net debt	**177.0**	169.3
IFRS 16 leases	**(39.1)**	(35.4)
Net debt on a pre-IFRS 16 basis	**137.9**	133.9
Adjusted pre-IFRS 16 EBITDA	**78.2**	92.3
Pre-IFRS 16 net debt leverage	**1.8**	1.5

Return on capital employed (ROCE)

ROCE is defined as adjusted EBITA divided by shareholders' funds plus net debt.

	2025 £'m	2024 £'m
Adjusted EBITA	**58.4**	68.4
Shareholders' funds	**655.7**	661.3
Net debt	**177.0**	169.3
Capital employed	**832.7**	830.6
ROCE	**7.0%**	8.2%

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:

	2025 £'m	2024 £'m
Net cash flow from operating activities	**38.9**	76.8
Adjusting items paid	**10.9**	6.4
Net financial expenses paid	**16.1**	11.7
Taxation paid	**9.0**	8.8
Adjusted operating cash flow	**74.9**	103.7
Adjusted EBITDA	**85.0**	97.8
Operating cash flow conversion	**88%**	106%

Company Balance Sheet

at 31 December 2025

	Notes	2025 £'m	2024 £'m
Non-current assets			
Investments	33	**356.2**	355.7
Deferred taxation assets	34	**0.1**	0.4
Loans to Group undertakings	35	**383.6**	390.5
		739.9	746.6
Net current assets		**–**	–
Total assets		**739.9**	746.6
Current liabilities			
Corporation tax payable	36	**(4.7)**	(5.3)
Net current liabilities		**(4.7)**	(5.3)
Net assets		**735.2**	741.3
Capital and reserves			
Called-up share capital	37	**63.2**	63.2
Share premium account	37	**200.0**	200.0
Merger reserve	37	**141.6**	141.6
Own shares		**(1.6)**	(1.7)
Capital redemption reserve		**75.4**	75.4
Equity reserve		**17.8**	17.3
Retained earnings		**238.8**	245.5
Equity shareholders' funds		**735.2**	741.3

The Company reported a profit for the financial year ended 31 December 2025 of £13.0 million (2024: profit of £15.8 million).

The Financial Statements of Marshalls plc (registered number 05100353) were approved by the Board of Directors and authorised for issue on 16 March 2026. They were signed on its behalf by:

Simon Bourne
Chief Executive Officer

Justin Lockwood
Chief Financial Officer

The Notes on pages 156 to 161 form part of these Company Financial Statements.

Company Statement of Changes in Equity

for the year ended 31 December 2025

	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 2025	**63.2**	**200.0**	**141.6**	**(1.7)**	**75.4**	**17.3**	**245.5**	**741.3**
Total comprehensive income for the year								
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**13.0**	**13.0**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**13.0**	**13.0**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based payments	**–**	**–**	**–**	**–**	**–**	**0.5**	**0.5**	**1.0**
Dividends to equity shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(19.2)**	**(19.2)**
Purchase of own shares	**–**	**–**	**–**	**(0.9)**	**–**	**–**	**–**	**(0.9)**
Own shares issued under share schemes	**–**	**–**	**–**	**1.0**	**–**	**–**	**(1.0)**	**–**
Total contributions by and distributions to owners	**–**	**–**	**–**	**0.1**	**–**	**0.5**	**(19.7)**	**(19.1)**
At 31 December 2025	**63.2**	**200.0**	**141.6**	**(1.6)**	**75.4**	**17.8**	**238.8**	**735.2**

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 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
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.

Notes to the Company Financial Statements

30 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 2025 were authorised for issue by the Board of Directors on 16 March 2026. 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 2025.

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% 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 145 to 148.

(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 130 of the consolidated accounts.

Notes to the Company Financial Statements continued

30 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 131 of the consolidated accounts.

Accounting estimates and judgements

In applying the Company's accounting policies, the Directors have considered the need for disclosure of critical judgements and key sources of estimation uncertainty. The Directors have concluded that there are no critical judgements made in applying the Company's accounting policies and no key sources of estimation uncertainty that give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year.

31 Operating costs

The audit fee for the Company was £0.1 million (2024: £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 96 to 103 of the Remuneration Committee Report.

The average monthly number of employees of Marshalls plc (including Executive Directors) in the year ended 31 December 2025 was 120 (2024: 125). 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 £3.9 million (2024: £4.6 million) in relation to 23 employees (2024: 21), including the Directors.

32 Ordinary dividends: equity shares

	2025		2024	
	Pence per share	£'m	Pence per share	£'m
2025 interim: paid 1 December 2025	**2.2**	**5.5**	2.6	6.6
2024 final: paid 1 July 2025	**5.4**	**13.7**	5.7	14.4
	7.6	**19.2**	8.3	21.0

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.

	2025 £'m	2024 £'m
2025 final: 4.5 pence (2024: 5.4 pence) per Ordinary Share	**11.4**	13.7

33 Investments

	£'m
At 1 January 2025	**355.7**
Additions	**0.5**
At 31 December 2025	**356.2**

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 £0.5 million represents adjustments to the number of shares expected to vest in respect of share-based payment awards granted to employees of the Marshalls Group.

Notes to the Company Financial Statements continued

33 Investments continued

Pursuant to Sections 409 and 410(2) of the Companies Act 2006, the subsidiary undertakings of Marshalls plc at 31 December 2025 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	Non-trading	Ordinary	100
Edenhall Building Products Limited	Non-trading	Ordinary	100
Edenhall Concrete Limited	Non-trading	Ordinary	100
Edenhall Concrete Products Limited	Non-trading	Ordinary	100
Edenhall Holdings Limited	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	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

33 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	Non-trading	Ordinary	100
Monty Midco 1 Limited	Non-trading	Ordinary	100
Monty Midco 2 Limited	Non-trading	Ordinary	100
Monty Topco Limited	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	Non-trading	Ordinary	100
PD Edenhall Holdings Limited	Non-trading	Ordinary	100
Premier Mortars Limited	Non-trading	Ordinary	100
Quarryfill Limited	Non-trading	Ordinary	100
Rhino Protect 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
Tayvin 410 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	Supplier of roof-integrated solar products	Ordinary	100
Viridian Solar BV	Supplier 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

33 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, Paver Systems (Carluke) Limited and Locharbriggs Sandstone Limited
Falkirk Works, Dollar Industrial Estate, Falkirk FK2 7YS, Scotland

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

Marley Limited and Viridian Solar Limited operate within the United Kingdom and are registered in England and Wales at the following addresses respectively:

Marley Limited Lichfield Road, Branston, Burton-On-Trent, England, DE14 3HD

68 Stirling Way, Papworth Everard, Cambridge, England, CB23 3GY

34 Deferred taxation

Recognised deferred taxation assets and liabilities

	Assets		Liabilities	
	2025 £'m	2024 £'m	**2025 £'m**	2024 £'m
Equity settled share-based payments	**0.1**	0.4	**–**	–

Movement in temporary differences

	1 January 2025 £'m	Recognised in income £'m	Recognised in Statement of Changes in Equity £'m	**31 December 2025 £'m**
Equity settled share-based payments	0.4	(0.3)	–	**0.1**

	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

35 Loans to Group undertakings

	2025 £'m	2024 £'m
Amounts owed from subsidiary undertakings	**383.6**	390.5

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%. 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.

36 Corporation tax payable

	2025 £'m	2024 £'m
Corporation tax	**4.7**	5.3

No creditors were due after more than one year.

37 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 2025	**300,000,000**	**75.0**	**252,968,728**	**63.2**

Share premium account and merger reserve

	Share premium account		Merger reserve	
	2025 £'m	2024 £'m	**2025 £'m**	2024 £'m
At 1 January and 31 December	**200.0**	200.0	**141.6**	141.6

Notes to the Company Financial Statements continued

37 Capital and reserves continued

Merger reserve

The merger reserve relates to the issue of 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 pages 113 and 114.

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 £238.8 million (2024: £245.5 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 £238.8 million at the end of the period.

38 Capital and leasing commitments

The Company had no capital or leasing commitments at 31 December 2025 or 31 December 2024.

39 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, Marley Limited and Viridian Solar Limited. The Group's bank debt is largely included in Marshalls Group Limited's Balance Sheet.

40 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	14 Dec 2020 to 30 Oct 2026	Employer's liability
AIOI Nissay Dowa Insurance UK Limited	£0.6 million	22 Dec 2020 to 30 Oct 2026	Vehicle insurance
M S Amlin Limited	£0.8 million	10 Feb 2020 to 9 Feb 2027	Employer's liability

41 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 2025 Financial Statements by a qualified independent actuary.

42 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 2021 £'m	Year ended 31 December 2022 £'m	Year ended 31 December 2023 £'m	Year ended 31 December 2024 £'m	**Year ended 31 December 2025 £'m**
Consolidated Income Statement					
Revenue	589.3	719.4	671.2	619.2	**632.1**
Net operating costs (after adding back adjusting items)	(511.9)	(618.3)	(600.5)	(552.5)	**(575.7)**
Adjusted operating profit	77.4	101.1	70.7	66.7	**56.4**
Adjusting items	(1.2)	(53.2)	(29.7)	(12.8)	**(24.4)**
Operating profit	76.2	47.9	41.0	53.9	**32.0**
Financial income and expenses (net)	(6.9)	(10.7)	(18.8)	(14.5)	**(14.3)**
Adjusted profit before tax	73.3	90.4	53.3	52.2	**43.7**
Profit before tax	69.3	37.2	22.2	39.4	**17.7**
Income tax expense	(14.4)	(10.7)	(3.8)	(8.4)	**(3.3)**
Profit for the financial year	54.9	26.5	18.4	31.0	**14.4**
Profit for the year attributable to:					
Equity shareholders of the Parent	54.8	26.8	18.6	31.0	**14.4**
Non-controlling interests	0.1	(0.3)	(0.2)	—	**—**
	54.9	26.5	18.4	31.0	**14.4**
EBITA*	79.4	57.1	53.1	66.0	**44.3**
Adjusted EBITA**	79.3	102.9	72.4	68.4	**58.4**
EBITDA*	107.1	90.2	84.3	95.4	**70.9**
Adjusted EBITDA**	107.1	136.0	103.6	97.8	**85.0**
Basic earnings per share (pence)	27.5	11.4	7.4	12.3	**5.7**
Adjusted basic earnings per share**	29.2	31.3	16.7	16.0	**13.4**
Dividends per share (pence)	14.3	15.6	8.3	8.0	**6.7**
Year-end share price (pence)	699.5	273.2	279.4	294.5	**180.6**
Tax rate (%)	20.8	28.7	17.1	21.3	**18.6**

* 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

	2021 £'m	2022 £'m	2023 £'m	2024 £'m	**2025 £'m**
Consolidated Balance Sheet					
Non-current assets	332.7	886.9	855.1	835.6	**818.6**
Current assets	263.2	322.0	259.0	240.5	**222.8**
Total assets	595.9	1,208.9	1,114.1	1,076.1	**1,041.4**
Current liabilities	(150.6)	(167.3)	(138.5)	(148.6)	**(125.1)**
Non-current liabilities	(101.0)	(380.5)	(334.3)	(266.2)	**(260.6)**
Total liabilities	(251.6)	(547.8)	(472.8)	(414.8)	**(385.7)**
Net assets	344.3	661.1	641.3	661.3	**655.7**
Net borrowings	(41.1)	(236.6)	(217.6)	(169.3)	**(177.0)**
Net borrowings (pre-IFRS 16)	—	(190.7)	(172.9)	(133.9)	**(137.9)**
Gearing ratio	11.9%	35.8%	33.9%	25.6%	**27.0%**

Glossary

ABI
Barbour ABI – a provider of construction intelligence data

AMP8
Asset Management Period 8

APM
Alternative performance measure

Capex
Capital expenditure

CDP
Carbon Disclosure Project

CDWG
Climate Disclosures Working Group

CFD
Climate-related Financial Disclosures

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.

CPA
Construction Products Association

D365
Microsoft cloud ERP software system

DERI
Diversity, equity, respect and inclusion

EPDs
Environmental Product Declarations

ESOS
Energy Savings Opportunity Scheme

EVG
Employee Voice Group

GDPR
General Data Protection Regulation

GHG
Greenhouse gases

ILO
International Labour Organization

IOSH
Institution of Occupational Safety and Health

ISO
International Organization for Standardization

LTIFR
Lost time injury frequency rate

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.

MPA
Mineral Productions Association

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

RACM
Risk and Control Matrix

Risk Register
A document used to table risks and responses to those risks

RMI
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 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

SSI
Solar Stewardship Initiative

SuDS
Sustainable Drainage Systems

TCFD
Task Force on Climate-related Financial Disclosures

TNFD
Taskforce on Nature-related Financial Disclosures

The Group
All of Marshalls' UK and overseas operations

Shareholder Information

Shareholder analysis at 31 December 2025

Size of shareholding	Number of shareholders	%	Number of Ordinary Shares	%
1 to 500	1,879	54.80	243,354	0.10
501 to 1,000	362	10.56	270,118	0.11
1,001 to 2,500	396	11.55	678,628	0.27
2,501 to 5,000	228	6.65	804,472	0.32
5,001 to 10,000	163	4.76	1,120,734	0.44
10,001 to 25,000	127	3.70	2,081,431	0.82
25,001 to 100,000	108	3.15	5,479,656	2.17
100,001 to 250,000	55	1.60	9,108,892	3.60
250,001 to 500,000	31	0.90	10,965,111	4.33
500,001 and above	80	2.33	222,216,332	87.84
	3,429	100.00	252,968,728	100.00

Financial calendar

Preliminary announcement of results for the year ended 31 December 2025	Announcement	16 March 2026
Annual General Meeting	Meeting	13 May 2026
Final dividend for the year ended 31 December 2025	Payable	1 July 2026
Half yearly results for the year ending 31 December 2026	Announcement	Early August 2026
Half yearly dividend for the year ending 31 December 2026	Payable	1 December 2026
Results for the year ending 31 December 2026	Announcement	Early March 2027

CARBON BALANCED PAPER
www.carbonbalancedpaper.com
CBP035176

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C001785

Marshalls' commitment to environmental issues is reflected in this Annual Report, which has been printed on Revive 100 Silk, which is 100% post-consumer recycled, FSC® certified and totally chlorine free (TCF) paper.

This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

Advisers

Stockbrokers
Deutsche Numis | Deutsche Bank AG
Peel Hunt

Auditor
Deloitte LLP

Legal advisers
Slaughter and May
Walker Morris LLP

Financial adviser
Rothschild & Co

Bankers
Barclays Bank plc
Credit Industriel et Commercial
HSBC Bank plc
Lloyds Bank plc
National Bank of Kuwait
National Westminster Bank plc
Virgin Money UK plc

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).

Registered office
Landscape House
Premier Way
Lowfields Business Park, Elland
Halifax HX5 9HT
West Yorkshire

Telephone: 01422 312000

Website: www.marshalls.co.uk

Registered in England and Wales: No. 5100353

Produced by
designportfolio

Marshalls

Marshalls plc, Landscape House,
Premier Way, Lowfields Business Park,
Elland HX5 9HT

www.marshalls.co.uk