

HIGHLIGHTS OF THE YEAR

Strong financial and strategic progress in 2024/25 as M&S continues to Reshape for Growth.

Financial

Group revenue

£13.8bn

23/24: +6%

24/25	13.8
23/24	13.0
22/23	11.9

Group profit before tax and adjusting items

APM

£875.5m

23/24: +22.2%

24/25	875.5
23/24	716.4
22/23	453.3

Net funds excluding lease liabilities

APM

£437.8m

23/24: +858%

24/25	437.8
23/24	45.7
22/23	(355.6)

Group profit before tax

£511.8m

23/24: -23.9%

24/25	511.8
23/24	672.5
22/23	475.7

Adjusted basic earnings per share

APM

31.9p

23/24: +29.7%

24/25	31.9
23/24	24.6
22/23	16.9

Basic earnings per share

14.6p

23/24: -33.3%

24/25	14.6
23/24	21.9
22/23	18.5

Strategic

Food: volume growth

6.7%

23/24: +1.5%

24/25	6.7%
23/24	5.2%
22/23	2.1%

Fashion, Home & Beauty: market share

10.5%

23/24: +5%

24/25	10.5%
23/24	10%
22/23	9.6%

New Full Line stores

2

23/24: 6

24/25	2
23/24	6
22/23	3

New Food stores

8

23/24: N/A

24/25	8
23/24	8
22/23	6

App percentage of online orders

54%

23/24: +22.7%

24/25	54%
23/24	44%

Raised for Young Minds

£2.7m

23/24: +59%

24/25	2.7m
23/24	1.7m

CHAIRMAN'S LETTER

Dear Shareholder

The business world today rarely moves in straight lines and just as you think life has become more predictable, events have a way of upending the best performing team and bringing us all back to the ground.

At the time of writing, the business has been pre-occupied with handling the aftermath of the cyber incident that affected us after the year end. Although the impact is significant and will endure for some weeks, or even months, I am confident that, in the fullness of time, M&S will recover the formidable momentum in trading performance we demonstrated in the last year and bounce back better and stronger.

During the last three weeks the Executive team has been steadfast in responding to the attack which has been all absorbing and the Board has been fully informed and engaged. As a result the 2024-25 results, the main subject of this report, seem to be very historic. However, they are important not just because they show a third year of improvement in overall sales, market share, profit and cash flow but also because they demonstrate the momentum and potential in the "reshaping" strategy as it takes hold.

Our strategy, which was born of the turnaround plans launched some years ago, is now built around "Reshaping for Growth". In a business with growth in profit and no financial debt it is hard, even for an impatient Chairman, to argue that we are still in turnaround mode. However, it is important that the "spirit of the turnaround" remains with us and that is why Stuart Machin has coined the phrase "positively dissatisfied". It is our objective to drive the pace of change to build the business for growth and success now and in the next 100 years.

Our confidence in the programme derives from the fact that there is so much in our two main businesses that still requires investment and change: legacy systems; a supply chain in both Food and Fashion, Home & Beauty which is well below industry leading standards and in some cases inefficient; an improved online performance

but one which is not best in class in the way we trade, take orders or fulfil for customers. All that represents potential for the future and, because of the strength of our trading and cash flow, we are now able to increase our investment rate.

In both main businesses what we have demonstrated is the power of product. Where we have launched stylish quality fashion at great value the customer response has been strong and our Food business is now innovating great food with increasing focus on health and freshness. In a retail industry where innovation has slowed, we are investing heavily in our new formats and the management team, talent and culture is strengthening all the time.

We operate a highly engaged Board model and I am grateful to all Board members for their contribution. Jeremy Townsend, who stepped in as Finance Director three years ago, is now leaving with our great thanks. He brought calmness and strength to the finance function and is succeeded by Alison Dolan who joined us early in the year.

I am confident that in a year's time the cyber incident will prove to have been a bump in the road along the path to growth, even if it does not feel like that today. However, coming on top of a very strong trading year it has stretched the sinews of the management team and we have seen an extraordinary response from our colleagues in the Support Centre, in our logistics centres and particularly in our stores.

I particularly want to recognise the efforts of our front-line colleagues; for the third year in a row, M&S has made a record investment – £95m – in store colleague pay.

Our thanks go to them all and to our customers, shareholders, suppliers and partners for whose support we are very grateful.

Yours sincerely

Archie Norman
Chairman

“

It is important that the “spirit of the turnaround” remains with us.



➔ Use the QR code to watch Archie's video



CHIEF EXECUTIVE'S REVIEW

Three years ago, we introduced our “Reshaping M&S for Growth” plan with the objective of protecting the magic of M&S and modernising the rest. Executing that strategy has delivered a third consecutive year of growth in sales and market share, profit and improving return on capital. Disciplined capital allocation and a much stronger balance sheet have put M&S on a robust financial footing, increasing resilience and creating capacity for future growth. M&S has net funds of over £400m and we are in our best financial health for nearly 30 years.

Our Food business had another strong year as more customers chose to fill their trolleys with M&S food, more often. Our continuous investment in quality, value and innovation is paying off. We've outperformed the market over the past three years and I'm confident we will continue the momentum and grow a bigger, fresher Food business.

In Fashion, Home & Beauty, our authoritative lead in quality and value perception and much improved style credentials has broadened appeal and grown market share. This renewed strength in product gives us the foundation to drive future growth through transforming our end-to-end supply chain and accelerating online. Consistent market outperformance over the past three years demonstrates the improvements we've made and I'm confident that with focused execution, we can deliver our plan.

Overall, last year was another year of strong performance, and there are so many opportunities still ahead of us. As outlined at last year's Capital Markets Day, we will continue our plan to invest in our key growth areas: Store rotation, supply chain and technology.



We started the new financial year as we finished the last, with sales growth ahead of budget across both businesses. Over the last few weeks, we have been managing a highly sophisticated and targeted cyber-attack which has led to a limited period of disruption. We have tackled this head on with incredible spirit, teamwork and deep sense of responsibility as we prioritised serving our customers.

It has been challenging, but it is a moment in time, and we are now focused on recovery, with the aim of exiting this period a much stronger business. There is no change to our strategy and our longer term plans to reshape M&S for growth and if anything, the incident allows us to accelerate the pace of change as we draw a line and move on.

Over the last 140 years, M&S has overcome many challenges – testament to the longevity of this brand. This incident is a bump in the road, and we will come out of this in better shape and continue our plan to reshape M&S for customers, colleagues and shareholders.

I would like to thank all of our colleagues and supplier partners for their hard work and dedication and, importantly thank our customers. They have been unwavering in their support, and we are incredibly grateful for their patience and trust in M&S.

Stuart Machin
Chief Executive Officer

“

Disciplined capital allocation and a much stronger balance sheet have put M&S on a robust financial footing, increasing resilience and creating capacity for future growth.

Stuart Machin
Chief Executive Officer



➞ Hear more from Stuart on our financial and strategic performance here.

OUR MARKETS

HOW M&S IS RESPONDING TO THE CONSUMER ENVIRONMENT

FOCUS ON VALUE

What's the trend?

- Cost-of-living pressures continue to be front of mind for customers which means there is a focus on value. Our Customer Pulse survey shows that customers are most worried about rising energy bills (80%), the cost of groceries (78%), Council Tax (76%) and higher water bills (69%).
- However, customers want to make sure they are getting the best quality for the best price. 95% of the Collective – a community of 43,000 M&S Food customers – told us that getting 'good value from the products I choose' is more important than 'choosing the cheapest product'.
- This year, there has been a shift towards consumers choosing to eat at home more often. In January, eating out in pubs and restaurants fell by 2.1% year-on-year while sales of food being consumed at home has increased.

How is M&S responding?

- M&S is committed to investing in trusted value and reducing promotions as part of our 'right price first time' promise to customers.
- In Food, prices were 'dropped and locked' on key shopping list items such as salmon fillets and fresh soups and 'Remarksable Value' lines such as potatoes and tinned tomatoes. This helped to increase customer value perceptions of M&S to a 10-year high in an increasingly promotional market.
- The popularity of 'Dine In' has increased as more customers have looked to obtain restaurant quality meals at home. This year, we relaunched our Gastropub range, and introduced the first retail partnership with Tom Kerridge as part of the transformation. Sales grew by 15% with Tom Kerridge lines delivering 7% of sales growth.
- In January, we announced a 20% reduction on over 100 products from the 'everyday essentials' Kidswear range. We know families want the confidence that products are good value but also are made well and made to last.
- For the fourth year in a row, we protected the price of our market leading quality school uniform. Every item is designed to be durable and pass the 'hand-me-down' quality test, and we also offer an extended 100-day returns period on school uniform.

HEALTH & WELLBEING

What's the trend?

- Health and wellbeing is high on the agenda for customers with mental health becoming a growing priority for many families. Research from Mind reveals that one in five children and young people experience a mental health problem each year.
- Healthy diet continues to be important to many with four out of five of the Collective saying that they are 'trying to maintain a balanced diet in order to be healthy'.
- Customers are also more frequently making choices to address certain aspects of their health, with trends from gut health to high protein continuing to drive interest. Over half (55%) of the Collective said they have awareness of eating to increase brain health.
- The trend of being increasingly more active prevails as more people are aiming to be more physically active more often. Almost one in four of the Collective said they have been active in the past seven days, while 41% of M&S customers said that fitness is a cornerstone of their daily life.

How is M&S responding?

- We are committed to making it easier for customers to make healthier choices in ways that work best for them and their families. We lead the grocery market for health perceptions.
- Our headline partnership with YoungMinds, the leading mental health charity for young people, has continued to raise awareness and much needed funds for those struggling with their mental health. Since the launch of the partnership in October 2023, M&S has raised £4.4m.
- In January, we launched the M&S Brain Food range developed in partnership with the British Nutrition Foundation. The range includes 13 lines offering six key brain health supporting nutrients that people lack in their diets and has proven popular with customers with 115,000 Brain Food Brain Balls being sold in January alone.
- In Fashion, Home & Beauty, we have welcomed new brands including Reebok and Puma to 'The Sports Edit on M&S' platform this year, offering customers greater choice in performance footwear and athleisure.

MORE SUSTAINABLE CHOICES

What's the trend?

- Making more sustainable choices is increasingly important to customers. 78% of UK consumers consider sustainability an important factor in their purchasing decisions.
- Our quarterly ESG Reputation Tracker – a survey of 20,000 consumers to understand their views of ESG trends and perceptions of retailers in response to those trends – shows us that animal welfare, sustainable sourcing and reducing waste continue to be the most important ESG issues for customers.
- Customers are increasingly placing greater value on animal welfare, with 85% of adults expressing trust in UK farmers. Notably, 74% value animal welfare in food production, up from 57% in 2023.
- Reducing food waste is a growing priority for customers. 84% of UK consumers say reducing food waste is important to them, with many citing rising food prices as a reason for cutting waste.

How is M&S responding?

- Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do. Having strong sustainability credentials plays a key role in helping to drive our quality perceptions and our quarterly ESG Reputation Tracker shows that M&S leads the market in terms of ESG trust with consumers.
- This year, we donated the equivalent of 30m meals in surplus food through our partnership with Neighbourly, reaching the milestone of donating the equivalent of 100m meals over the last decade. The partnership has supported 4.7m people across the UK.
- In August, we launched our online repair service in partnership with tailoring and repairs specialists SOJO. Feedback from customers who have used our service so far shows that 82% would not have worn the item if they had not had it repaired, and 55% would've thrown the item away or given it to charity.
- We go to great lengths to source and make our products with care. We have been a partner of Better Cotton since 2009, and all the cotton used in our clothing is 100% responsibly sourced. All cotton used in our Spring Summer 25 collection used fully traceable cotton for the first time.
- In March, our M&S Select Farm standards were recognised as leading the way by 'The Business Benchmark on Farm Animal Welfare'.

OUR BUSINESS MODEL

WHAT MAKES US M&S?

M&S is a leading British retailer, bringing exceptional quality, value, service and innovation to our 32m customers, whenever, wherever and however they want to shop with us. Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do.

Exceptional products, trusted brand

M&S offers exceptional quality own-brand products at value customers can trust. Innovation is at the heart of the design and development of products, which are sourced with care, through longstanding trusted supplier partners. In Food, quality and value perceptions are at their highest in a decade and we have maintained our leading position for quality and value in Fashion with style perceptions continuing to rise.

Closer to customers

32m customers shopped with M&S this year with 96% of the UK population living within 25 minutes of an M&S store. At the heart of a culture that is sleeves rolled up is a focus on getting closer to customers so we can continuously improve our products and deliver brilliant service. M&S has been voted the UK's best brand (source: YouGov) for the past three years and that is something we never take for granted.

Closer to colleagues

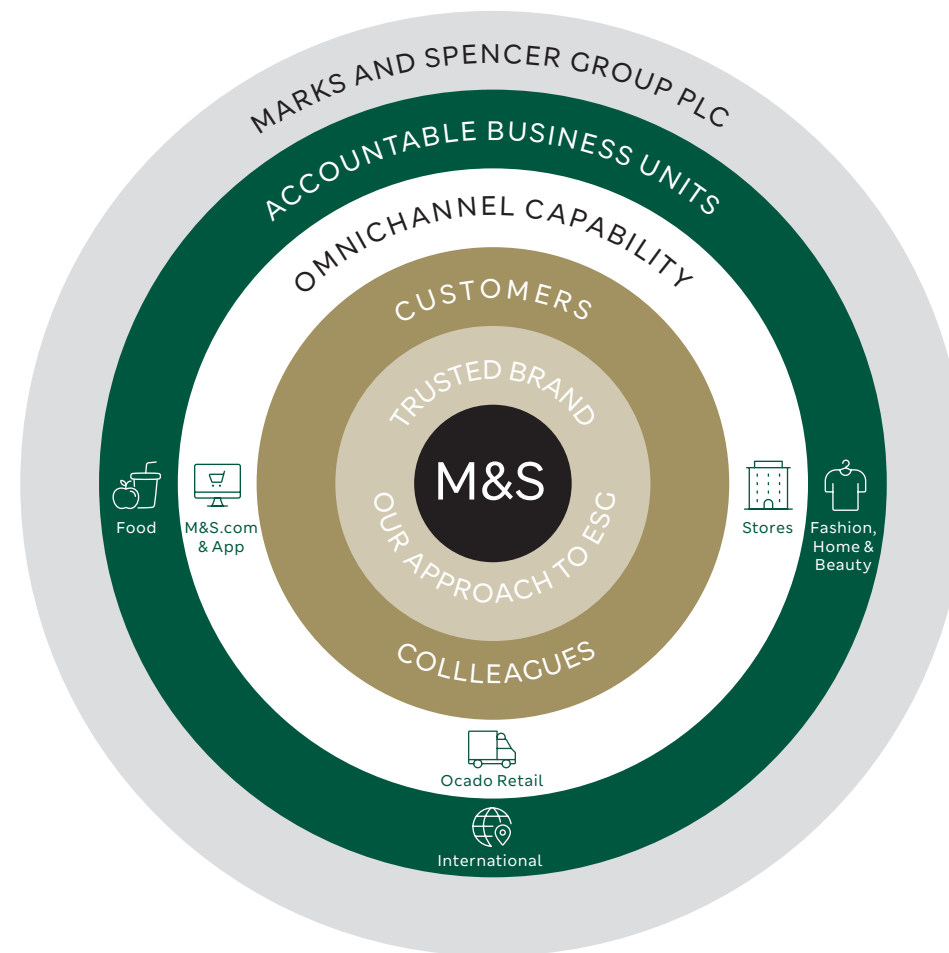
Our 63,000 colleagues all have a role to play in reshaping M&S and delivering for our customers. They bring extraordinary passion for the business and extensive technical expertise in areas such as sourcing, design, product development and data & technology. Read more on how we are driving a high performance culture on pages 32 to 35.

Omnichannel capability

M&S has 1,053 UK-owned and franchise stores, connected to our network of digital shopping channels, including our Fashion, Home & Beauty website and app, with 34% of sales now through online channels. M&S also has a 50% investment in Ocado Retail, which has grown faster than the market in value and volume for the last 17 consecutive four weekly periods. The business also has a presence in 32 international markets.

Strong supplier and partner relationships

As an own-brand retailer, our strong strategic partnerships with suppliers are essential to delivering quality, value, style and innovation for our customers. Our long-term, differentiated partnerships support investment in more sustainable solutions and give specialised capabilities.



Creating value for all stakeholders

- CUSTOMERS
- COLLEAGUES
- SHAREHOLDERS
- SUPPLIERS
- PARTNERS
- COMMUNITIES

➔ Read more about our Strategic Progress on pages 12 to 21.

➔ Read more about our approach to ESG in our corporate.marksandspencer.com/ESGreport2025.

STAKEHOLDER ENGAGEMENT

CUSTOMERS

Why they are important to us

If we serve our customers well, we serve our shareholders well. Our vision is to be the most trusted retailer, doing the right thing for our customers, with quality products at the heart of everything we do.

What we heard and how we responded

Closer to customers

Getting closer to customers is a core feature of the transformation of our business. One way we do this is through regular focus groups; Executive Committee members run quarterly customer listening groups. During the year, these have included:

- **Food customer focus groups.** Our Food leadership team took part in small group discussions with some of our family shoppers in August. Customers shared their love of our ready meals and Dine In options for making their lives easier whilst still offering something healthy for their children, but also shared that our Dine In portion sizes aren't always suitable for them. We've now introduced a family Stir Fry Dine In, as this was one of the most popular offers amongst this group.

- **Fashion, Home & Beauty customer focus groups.** Live focus groups for Womenswear and Menswear were held, where customers shared their opinions on product and shopping experience improvements. We also held 'Insight Fest' in June 2024, a full day dedicated to customers. Over 200 colleagues attended sessions, which included a variety of nationwide customer focus groups as well as live interviews with customers in store about the Summer collection. In Womenswear, customers told us they were looking for some more 'stand out' occasionwear, which resulted in the launch of our 'RSVP' collection this coming summer.

The Collective

This year, we sent around 200 surveys to 'The Collective', our online community of 43,000 M&S Food customers. These surveys covered general customer mindset and specific input on category changes. The feedback has shaped our future strategy, including creating targeted marketing plans, guiding major category transformations in Frozen and Deli, and influencing other projects such as the range of turkeys we stock at Christmas, branding for our Roast and Ritual coffee, and benefits for our Sparks 'parent hood' baby club.



COLLEAGUES

Why they are important to us

Retail is a people business. That's why we're driving a high-performance culture that is closer to colleagues and closer to customers. Every one of our 63,000 colleagues has a role to play in transforming M&S.

What we heard and how we responded

Simple for stores

We are at the beginning of this programme but it is a big area of focus. Store leaders told us we needed to simplify communication, and we have responded by continuing to utilise tools through our partnership with WorkJam, a communication and engagement platform. It has enabled us to target communication to specific positions in stores, sending tasks direct to the right colleagues, saving valuable management time. It's also been beneficial for sharing product engagement. We launched a 'Let's Sell' page across both Food and Fashion, Home & Beauty to better share product information with colleagues. Short videos are used to highlight product features and benefits, helping colleagues bring this to life for customers in store.

Straight to Stuart

Now in its third year, the Straight to Stuart scheme, which gives colleagues the opportunity to share ideas direct with the CEO, saw more than 6,500 submitted this year. Around 100 of these ideas have been progressed to make M&S a better place to shop for our customers, and a better place to work for our colleagues. One idea submitted from a colleague in our Newport store led to the launch of a range of knickers for people living with stomas.



Christmas Elfing

As part of building a culture where everyone is sleeves rolled up, closer to customers and closer to colleagues, Support Centre colleagues now spend at least seven days each year working in store. The Support Centre delivered unprecedented support to stores this year, completing nearly 12,000 shifts and over 93,000 hours over Christmas – a 95% increase from last year. Based on last year's feedback from stores that support wasn't available during the busiest times, we condensed support days to focus on key trading days, ensuring assistance was provided when it was most needed.

➔ [Read more on colleague engagement in our People and Culture section on pages 32 to 35.](#)

c.93k

hours worked in stores by Support Centre colleagues over Christmas

STAKEHOLDER ENGAGEMENT CONTINUED

SHAREHOLDERS

Why they are important to us

Continuous engagement with both our institutional and private shareholders builds trust and secures their investment and support. With our large private shareholder base, we run a tailored engagement programme to ensure our decisions reflect their views.

What we heard and how we responded

AGM

We are committed to leading on shareholder engagement and continue to believe a digitally-enabled meeting is the best way for directors to interact with the broadest range of shareholders. Since adopting a digital approach in 2019, we have seen engagement levels increase by 200%. Listening to shareholder feedback helped shape the digital-first, hybrid format of our 2024 meeting. 40 shareholders attended in person while 1,806 engaged digitally with positive feedback received on the viewing experience. Details about our 2025 AGM can be found in the Notice of Meeting on pages 200 to 216.

Optimising our Annual Report

In the last decade, the number of shareholders signed up for e-communications has increased by 60%. In 2023/24 98% of our shareholders received the report digitally versus 2% who received a print copy. To optimise our Annual Report and Accounts for online viewing, this year we have taken a digital-first approach, including moving to landscape orientation, integrating video and improving navigation.

200

institutional investors
engaged

Engagement with institutional funds

During the year members of our Board and Investor Relations team met over 200 institutional funds, engaging with investors who we estimate represent close to 40% of our issued share capital. This year, institutions told us long-term growth remains their top priority, with recognition that further investment in store rotation, supply chain and technology is required to enable future growth plans. Having strengthened our balance sheet and continued to reduce net debt in the first half of the year, an interim dividend of 1p per share was paid in January 2025. The Board is recommending a final dividend of 2.6p per share, subject to shareholder approval at the AGM. Read more on page 204.

Capital Markets Event

Our Capital Markets Event ('CME'), held in November 2024, gave investors the opportunity to hear direct from our leaders in greater depth about the progress made so far in our transformation and our priorities moving forward. A new feature of this year's event was a 'trade fair' breakout session, where 16 members of the wider leadership team were available to answer more detailed questions on topics ranging from ESG to supply chain. This year, 70 investors attended in person with the webcast having now seen over 900 views.



➔ Use the QR code to watch the CME.

SUPPLIERS

Why they are important to us

As an own-brand retailer, our suppliers are essential to making sure we deliver high-quality products at trusted value for our customers. These long-term strategic partnerships allow us to invest in sustainable solutions and drive greater innovation. Our success is closely tied to the performance and reliability of our suppliers.

What we heard and how we responded

Fashion, Home & Beauty Supplier Summit

Following the success of our 2023 Supplier Summit, we invited 20 of our key strategic partners back to London in October 2024 for a follow-up summit. In the three months leading up to the event, we collaborated closely with suppliers on projects addressing digital transformation, improving lead times, ethical purchasing practices, net zero goals and sustainability, and driving innovation. During the event, supplier partners presented their solutions and ideas, reinforcing our partnership and commitment to long-term success.

International social projects

Enhancing the livelihoods of people and communities in our supply chain is a key priority for M&S. Following feedback from our Key Supplier Summit in October 2024, we updated our ethical policies and supplier guidelines and provided internal buyer training. We also implemented social projects focusing on women, including financial literacy training in Cambodia and Vietnam, gender equality programmes in Bangladesh and Cambodia, strengthening maternity rights in Bangladesh, and providing education opportunities to girls in New Delhi.



Food supplier briefings

We held two supplier briefings in June and September 2024. Suppliers were invited to hear about M&S' priorities for the year ahead in June, with the September briefing focusing on peak delivery. Trusted value, innovation, availability and quality were the key themes of discussion. These priorities guided our collaborative efforts throughout the year, aiming to achieve mutually beneficial volume growth.

20

international suppliers attended
our FH&B Supplier Summit

STAKEHOLDER ENGAGEMENT CONTINUED

PARTNERS

Why they are important to us

The ambition for International is to build a global omnichannel business, which brings the magic of M&S to customers around the world. Our franchise and joint venture partners play a critical role in our strategy, bringing invaluable market expertise.

What we heard and how we responded

Partner selling events

Our selling events for Womenswear, Menswear, Lingerie and Kidswear, held three times a year at our merchandising labs in White City and Stratford, have consistently seen great engagement. These in-person events have facilitated numerous face-to-face discussions, where senior leaders present business strategies and upcoming seasonal campaigns. This year, our first in-person Food event received excellent feedback from partners. As a result, we have made these twice a year, and with product tastings and hearing more about what sets M&S apart, partners are being bolder in buying a wider selection of foods and buying into innovation.

5

franchise partner colleagues hosted at our London Support Centre

International exchange programme

In February 2025, we hosted five franchise partner colleagues at our Support Centre in London. The goal was to provide our partners with valuable insights from the UK business and give the International team the opportunity to gain local knowledge about key markets. During their visit, our franchise partners shared their perspectives, helping us to identify areas for improvement. They also had the opportunity to connect with customers and colleagues in UK stores, fostering closer relationships and enhancing collaboration.

Global strategic partner meeting

In March 2025, we hosted our first partner meeting with our strategic franchise, wholesale and marketplace partners. Held in Dubai, this enabled all attending to see the M&S stores in Dubai. The meeting was to lay out our International Reset for Growth – with the CEO and leadership team sharing insights on our transformation journey, and opportunities for our International business.

Food convenience partner conference

Our biannual Food Convenience Partner Conference helps underpin our convenience franchise partner strategy. To align with our new retail operations programme, 'One Best Way', which is delivering availability and productivity benefits in Company-owned stores, partners were invited to retail immersion events to support their in-store strategy. Our conference helped deliver trade plans, clarifying sale priorities and providing focus areas for partnership stores. This year's support and guidance helped deliver over £100m additional sales year on year, further creating an opportunity to drive down cost for partners.

COMMUNITIES

Why they are important to us

M&S serves 32m customers, has 63,000 colleagues and operates in 32 international markets. Therefore, we need to make sure we have a positive impact on the communities we serve.

What we heard and how we responded

YoungMinds

In October 2023, we launched our new headline charity partnership with YoungMinds, the UK's leading mental health charity for young people. Since the launch, M&S has raised £4.4m, enabling YoungMinds to support young people and the adults in their lives. With M&S donations, YoungMinds has improved the performance of its Helpline services, increasing its phone call answer rate and visits to the parents and carers section of the website. More information on our partnership can be found on our website.

➔ [Go to corporate.marksandspencer.com/media/marksandspencer-youngminds](https://go.to/corporate.marksandspencer.com/media/marksandspencer-youngminds).

Leading lingerie campaigns for charity

M&S teamed up with Olympic champion Sir Chris Hoy and Prostate Cancer UK to encourage more men to check their risk of prostate cancer. As the UK market leader in men's underwear, M&S leveraged the support of its customers and colleagues to spark a nationwide conversation, prompting over 180,000 men to complete the online risk checker. With £4 donated per pack of men's Autograph underwear, a total of £155,000 was raised for Prostate Cancer UK during the campaign.

Additionally, during the year our Lingerie team used insights from Breast Cancer Now ('BCN') in its designs. BCN's biannual insight report shared scientific advancements and experiences from individuals directly affected, helping to shape our product design for the post-surgery range and bra fit service.



M&S Archive

M&S Archive, based in Leeds where our business began, shares our unique heritage with a wide range of customers and communities, and this year responded to more customer enquiries and provided free online access to more archive resources than ever before. Through ongoing engagement with schools and focused teacher consultation, the Archive met the need for workshops to support children and young people with special educational needs and disabilities (SEND) by creating a new suite of learning workshops. Pilot sessions earned glowing feedback from students and teachers alike, so these specially designed sessions are now available to more SEND groups.

£4.4m

raised for YoungMinds

S.172 Statement

The directors confirm that, during the year, they have acted in good faith in a way that best promotes the success of M&S for the benefit of shareholders as a whole. In doing so, they have had regard for the interests of all M&S stakeholders, while preserving M&S' reputation and ensuring our long-term sustainability. Read our complete S.172 Statement on pages 68 to 70.



STRATEGIC PROGRESS

RESHAPING
FOR
GROWTH

At the October 2022 Capital Markets Day, we set out the strategy of reshaping M&S to deliver faster growth and higher returns. Our objectives included growing market share in both UK businesses by 1% by 2027/28 and targeting operating margins of over 4% in Food and 10% in Fashion, Home & Beauty, supported by structural cost reductions of over £500m, disciplined capital allocation and investment within an envelope of £500-£600m per annum.

Our strategic priorities



Over the last three years, consistent execution has delivered growth in sales, market share, margins, and return on capital. As a result, the business has reduced net debt by c.£900m and reinstated a dividend for shareholders. M&S is in its best financial health for nearly 30 years.

This strong balance sheet enables us to continue to invest to Reshape M&S, with capital expenditure of c.£600m-£650m planned for the current year, net of disposals. We have generated strong returns from our store investments and are increasing the pace of store rotation. The acquisition of Gist and changes to the Fashion, Home & Beauty supply chain provide the foundations to modernise the network and create capacity for growth. Last year we started a multi-year plan to upgrade our technology foundations and increase digital capability. We are accelerating this plan, making use of the recent disruption to reach our target state more quickly.

Our strategy remains the same – to protect the magic of M&S, while modernising the rest.

Creating exceptional products

We aim to be the most trusted retailer, with quality products at the heart of everything we do. M&S Food is broadening its appeal by delivering a consistent drumbeat of innovation and quality upgrades, while continuing to invest in trusted value. We continue to progress towards being a 'shopping list retailer', focused on families, with the soul of a fresh market.

Fashion, Home & Beauty's commercial model of buying more deeply into core lines, elevating quality, and increasing style is resonating, attracting new customers. Market share of both volume and value has increased in both businesses, although opportunities remain for future growth in underpenetrated categories and in Home & Beauty.

Driving profitable sales growth

Store rotation and renewal aims to create 420 bigger, fresher Food stores and a more productive group of 180 Full Line stores, with half of the estate expected to be in the renewal format by 2027/28. Returns on new and renewed stores have been above our hurdle rates overall, trading ahead of plan for three consecutive years. The pace of new openings is being increased, securing sales growth for the long term.

Online growth ambitions aim to increase the M&S.com share of Fashion, Home & Beauty sales from 34% to 50% in the medium term. Online sales growth accelerated in

2024/25 as marketing was rebalanced towards our social channels and top tier partner brands were launched online. Improvements to the website also supported increased customer frequency. Our focus now turns to improving the online offer, and experience, transforming Fashion, Home & Beauty into a fully omnichannel business with best-in-class delivery and returns.

International has store presence in 29 countries through a series of strategic partnerships, which offer the potential for global growth in the medium term. Recent trading challenges, particularly in India, are being addressed under new leadership. The International reset focuses on capital light growth, using the infrastructure of our franchise partners in established markets, working with leading online marketplaces, and identifying opportunities in wholesale. This year, investment in trusted value is planned and new commercial arrangements will be established to drive volume.

Ocado Retail's combination of M&S product and broad choice supported by automated fulfilment, offers the potential for a profitable route to market for online grocery in the medium term. In 2024/25 active customer growth and sales accelerated as Ocado Retail invested in value and improved delivery service. However, the drop through to profitability was disappointing. The near-term focus includes improving the customer shopping experience and optimising existing fulfilment centres to deliver increased profitability and cash flow, before considering investment in additional capacity. From 2025/26, the results of Ocado Retail will be consolidated into M&S Group reporting as technical control of the 50/50 joint venture passes to M&S.

Delivering target operating margins

Over the past three years the combination of driving profitable sales growth through volume and structural cost reductions across stores, the support centre and the supply chain has enabled M&S to improve profitability and has delivered operating margins of 5.4% in Food and 11.2% in Fashion, Home & Beauty, ahead of our targets. This in turn has allowed the businesses to reinvest in quality and value, further driving volume growth.

Structural cost reductions of c.£300m have been made over the past three years, with £120m being delivered in 2024/25. More than half of last year's savings were generated in stores, through investment in technology and improvement in store processes.



STRATEGIC PROGRESS CONTINUED

Food supply chain volumes have increased more than 11% over the past three years putting pressure on operations. This is being addressed through in-store processes, the completion of forecasting, ordering and allocation systems and partnering with strategic suppliers. The acquisition of Gist has also delivered improved logistics service and a contribution of more than £60m to profit which provides the foundations for a long-term investment to modernise the network and create efficient capacity for growth. This year will see the first steps with construction of a new depot near Bristol.

Fashion, Home & Beauty's supply chain transformation programme is still in its early stages, having taken initial steps to consolidate the supply base and deliver cost savings from investment in new warehouse capacity. Under John Lyttle's leadership, there will be increased focus on restructuring the end-to-end operation, which includes the adoption of a new merchandise and range management system, increased automation in the logistics network to support more profitable online growth, and improving the resilience and flexibility of the supply base.

Continued simplification of store operations and the support centre plus investments in automation and efficiency provide scope for further cost savings.

Building the M&S we need to be

Reshaping M&S is underpinned by three programmes which aim to create a high-performance customer-centric culture, enable better decisions and service through strong digital and technology foundations and deliver value to shareholders through investment in growth, combined with disciplined capital allocation.

We are creating a highly talented team who are close to customers and front-line colleagues, taking accountability for delivery and continuous improvement. This includes identifying high-potential colleagues for leadership development taking on bigger or broader roles in the future. However there remains more to do to simplify processes and reduce tasks for stores, to enable better customer service.

In 2023, a strategic review of digital and technology was initiated, which identified that although there had been significant investment in digital applications and data development, work was required to improve the tech stack, reduce reliance on outsourcing and to integrate better into the business areas. In early 2024, Rachel Higham was recruited to lead Digital & Technology as a member of the Executive Committee. At the Capital Markets Day, we outlined the need for investment in upgrading technology infrastructure which has over time increased running costs and made processes complex and inefficient.

In the light of the recent cyber incident, we are using the disruption to bring forward investment, rephrasing the original programme, accelerating plans to upgrade infrastructure and network connectivity, store and colleague technology, and supply chain systems. This will reduce the inter-dependency of systems and improve operational resilience. Our overall aim remains the same, to improve technology foundations, simplify infrastructure and applications, to increase resilience further, and lower technology run costs.

Strong balance sheet and growing dividend

Our disciplined capital allocation and investment framework prioritises investment in growth, alongside free cash flow. Over the past three years the generation of free cash flow, reduction in gross and net debt and delivery of improved return on capital has in turn led to an upgraded credit rating from both S&P and Moody's.

A strong balance sheet enables additional investment and we are increasing capital expenditure net of disposals to c.£600m-£650m in 2025/26, of which £200m-£250m will be invested in further improving technology infrastructure, planned store maintenance and upgrades to the logistics fleet and network. Growth and cost-out investment is expected to be £400m-£450m, which includes increased new store openings and supply chain capacity. Investment will also be made in the new Fashion, Home & Beauty planning platform which connects all activities from buying to replenishment to deliver our customers an improved and personalised shopping experience.

The improved performance and balance sheet give us confidence in the prospects for medium-term growth, and we are announcing an increase in the dividend of 20%. This results in a proposed final dividend of 2.6 pence and a full year dividend of 3.6 pence for 2024/25. We expect the interim dividend for 2025/26 to be one third of the prior year total. A strong balance sheet, cash flow performance, and dividend cover allow for growth of returns to shareholders in the medium term.

Update on cyber incident

As set out in the Company's announcements on 22 and 26 April and 13 May 2025, M&S has been the subject of a sophisticated cyber incident. We reacted swiftly to contain the threat, working alongside external cyber security experts to protect our data and systems. This included mobilising our established Business Continuity and incident management plans which are underpinned by an experienced crisis and incident management team. Since the incident, protecting our customers and the business has been our main priority and at the same time we have been progressively restoring our networks and systems including the rebuilding of certain applications and file systems where they were not recoverable. This work is ongoing.

In addition to restoring networks and systems, we are accelerating the Digital & Technology transformation plans, set out in our Capital Markets Day of November 2024 to reinforce our cyber defences and provide greater resilience in the event of a subsequent attack.

Our estimate of the impact of the incident is very much ongoing, however, based on our latest assessment of the expected financial consequences, our current expectation is an impact on Group profit of around £300m for 2025/26, which will be reduced through management of costs, insurance and other trading actions.

As previously announced, we have engaged a number of specialist organisations to help us respond to the incident and to assist with system restoration, as well as with wider network security. We expect to recognise sizeable costs relating to the incident presented separately as an adjusting item within with 28 March 2026 results.

STRATEGIC PROGRESS CONTINUED

Food

SUSTAINS VOLUME GROWTH WITH CONSISTENT INVESTMENT IN QUALITY, VALUE AND INNOVATION

Food sales increased 8.7%, with like-for-like growth of 8.6%, driven by UK volume growth of 6.7%, with strong growth in core categories. Market share was up 27bps to 3.9% for the 52 weeks to 23 March 2025. Adjusted operating profit margin increased to 5.4% from 4.7% due to sustained volume growth, and with cost reduction initiatives largely offsetting operating cost inflation.

Strategic KPIs: Food

Market share increased to

3.9%

23/24: 3.7%

Perception for value

6

23/24: 2

Perception for quality

71

23/24: 69



STRATEGIC PROGRESS CONTINUED

Building a shopping list retailer

- Prices were 'dropped and locked' on key shopping list items such as salmon fillets and fresh soups and Remarkable Value lines such as potatoes and tinned tomatoes. This helped to increase customer perception of M&S value for money to a ten year high, in an increasingly promotional market.
- Product quality was upgraded on over 1,000 lines such as Indian meals, Gastro and Pizza as partners invested in improved capabilities, widening the M&S quality premium to peers. Sales of 'Dine-In' meals also grew, as customers increasingly see M&S as an alternative to eating out.
- More than 1,400 new lines were launched, creating a consistent drumbeat of innovation during the year, driving increased customer interest and frequency. 'Viral' product hits have included pistachio crème, lemon hot cross buns and in-store bakery cookies.
- As a result, larger basket shops grew 13% as customers chose M&S for more of their everyday shopping.

New stores generating returns ahead of hurdle rates

- During 2024/25 six Food stores and two Foodhalls in Full Line stores opened. These averaged c.15,000 sq ft, enabling more customers to shop the full range. In a strong year, Food sales outperformed target by c.20%.
- Nine new renewal stores and one extension traded ahead of target, with renewal stores including Chancery Lane and Fosse Park. Food sales in Chancery Lane were up c.35% on previous levels.
- A further nine Food stores and two extensions are planned for 2025/26, including Fulham, Putney and Clapham.

Developing a trading model which sustains growth

UK Food volumes have grown 11% over the past three years, putting pressure on operations. This is being addressed through a series of changes to create a more modern, cost-effective flow of product.

- Long-term supplier agreements are being implemented across partner sites, with the aim to increase this in 2025/26. This protects the 'magic' of M&S Food enabling investment in upgrading capacity, while generating savings which can be re-invested in quality and value.
- The roll out of the new forecasting and ordering system was completed. This helps to better match supply to variable demand, although there is further opportunity for improvement.
- The 'One Best Way' retail operations programme is helping to improve productivity, reducing stock file errors and making the new forecasting system more effective.
- Capacity constraints mean that many stores do not receive their deliveries from the most efficient site. To support growth, work is underway on a new multi-temperature depot in Bristol and to identify a site for a new national distribution centre.



STRATEGIC PROGRESS CONTINUED

Fashion, Home & Beauty

BECOMING A DESTINATION FOR QUALITY, VALUE AND STYLE

Fashion, Home & Beauty sales increased 3.5%, with LFL sales up 4.4%. Sales grew 4.7%, adjusted for the exit of furniture in 2024. Market share was up 57 bps to 10.5% for the 52 weeks to 30 March 2025. Adjusted operating profit margin was above target at 11.2% compared with 10.7% last year, as investments in digital and technology were partly offset by improved sourcing and cost savings.

Strategic KPIs: Fashion, Home & Beauty

Market share increased to

10.5%

23/24: 10.0%

Perception for style

34%

23/24: 29%

Perception for value

45%

23/24: 43%

STRATEGIC PROGRESS CONTINUED

Increased style driving broader appeal

- Perceptions of quality and value increased further and remain market leading. M&S is now ranked second for style compared with sixth in 2022.
- Women's and men's grew in categories such as jeans, knitwear and tops with strong seasonal campaigns and collaborations helping to drive style perceptions.
- Autograph sales grew 47% as customers invested in higher quality, versatile products at the top end of the range. Men's Autograph sales of c.£200m compare with just £50m three years ago.
- In a declining kidswear market, there was growth in baby and market share growth in kids casual. A 'first price, right price' approach is being implemented, removing promotions and offering competitive prices on everyday essentials.
- Home saw good growth in collaborations such as Kelly Hoppen, and beauty grew own brand fragrance sales. Both offer significant potential for long-term growth and are being refocused under new leadership.

Early improvements to online but further improvement required

- Online sales, adjusted for the exit of furniture represented 34% of sales. Growth was driven by active customer growth of 9% to 10.2m, as marketing was refocused towards brand and social channels.
- Improvements to the offer included upgraded imagery, navigation and availability in smaller sizes.
- Partner brand fashion sales online increased 42%. Recent top tier brand additions have included Hush, Tommy Hilfiger and Calvin Klein. The overall brands business exceeded £200m sales for the first time in 2024/25.
- There remains a lot more to do to create a market-leading online business. Further work is needed in planning, ranging, in-store selling, delivery and fulfilment to drive online towards an ambition of 50% of Fashion, Home & Beauty sales in the medium term.

New Full Line stores generating returns ahead of hurdle rates

- During 2024/25 two new Full Line stores at Dundee and Washington Galleries opened with their Fashion, Home & Beauty sales trading 15% ahead of plan. Fosse Park was extended during the year, with Fashion, Home & Beauty trading up 20% versus last year.
- The Battersea Fashion only trial store opened in December 2024, generating strong customer and partner interest and will provide inspiration for future renewal stores, including The Pantheon on Oxford Street.
- Two Full Line flagships are planned for 2025/26. They are the relocation of Bath and the opening of Bristol Cabot Circus.

Increasing focus on operational efficiency

As product appeal increases in Fashion, Home & Beauty, the business remains constrained by its legacy supply chain and outdated processes with the programme to modernise the supply chain in its very early stages. John Lyttle will increase the focus on execution in 2025/26.

- Creating long-term sourcing partnerships. This will enable investment in capacity and capability for future growth and help capitalise on emerging opportunities to find new sources of supply.
- Implementing a new planning platform to link all buying activities from budgeting to replenishment, removing duplicative manual activities.
- Investing in efficient storage and automation in the logistics network. This will increase capacity to serve online orders, improve service and reduce costs.
- A focus on better in-store processes, identifying and removing unnecessary tasks to mitigate the impact of increased costs in a flat market for store sales.

STRATEGIC PROGRESS CONTINUED

International

RESETTING AND REFOCUSING FOR GROWTH

The ambition for International is to build a global omnichannel business, which brings the magic of M&S to customers around the world. Utilising the expertise and infrastructure of strategic franchise partners in established markets, working with leading marketplaces to drive online growth, and securing new opportunities in wholesale.



STRATEGIC PROGRESS CONTINUED

Sales were down 7.1% at constant currency, although performance started to improve in the second half. Owned sales were down 8.0% driven by weak trading in India. Franchise sales were down 5.2% driven by partner de-stocking in Fashion, Home & Beauty, although this was partly offset by growth in Food.

Operating profit before adjusting items was slightly down versus last year at £46.3m (margin 7.0%) from £47.8m (2023/24: 6.6%), with an improved result in the second half.

Future growth potential through investment in value and expanded partnerships

- The joint venture in India is being reset under new leadership, shifting to a full price trading approach and starting to reduce costs.
- Initial investment in trusted value in owned markets has generated encouraging results. In the coming months, this will be expanded into franchise markets, alongside updated commercial terms and operating principles.
- We aim to grow the marketplace business in Europe using partners established fulfilment capabilities to improve customer service.





STRATEGIC PROGRESS CONTINUED

Ocado Retail

DELIVERS STRONG VOLUME GROWTH, LOSSES REDUCED IN THE YEAR

During 2024/25 M&S accounted for its share of results in the joint venture as an associate interest. From 2025/26 Ocado Retail Limited will be consolidated in the results of M&S in accordance with the joint venture agreement and will align with the year-end accounting period of M&S. These results therefore cover the 57 weeks to 6 April 2025 and include an M&S Group share of adjusted loss of £28.7m.



STRATEGIC PROGRESS CONTINUED

To aid future comparability, all commentary below relates to the 12-month period ended 30 March 2025.

- Revenue increased 15.5% to £2.8bn, with orders up 15.2%, supported by growth in active customers and increased frequency. Average selling price was broadly level, as Ocado Retail invested in value through 'Big Price Drops' and the Ocado Price Promise.
- M&S sales volumes increased 20.2% and were 30.3% of total Ocado volumes (2023/24: 29.0%). M&S sales participation was c.50% in fresh categories such as produce and poultry.
- The overall result continued to be constrained by high service delivery costs and continuing lease and technology fees for the old Hatfield site. There remains substantial opportunity for improved customer fulfilment centre (CFC) productivity.

In the year ahead, there will be increased focus on improving delivery efficiency and maximising capacity utilisation of the existing network, which is critical to improving productivity and profitability before investing in new capacity. This includes migration to the Ocado Smart Platform (OSP) solution across e-commerce, last-mile, supply chain, customer hub and trading systems.



OUR KEY PERFORMANCE INDICATORS

Group revenue

£13.8bn

23/24: +6.0%

24/25	13.8
23/24	13.0
22/23	11.9
21/22	10.9

Group statutory revenue was £13.8bn, an increase of 6% vs 2023/24. This was driven by Food sales up 8.7% and Fashion, Home & Beauty sales up 3.5%.

APM

Adjusted return on capital employed (adjusted ROCE)

16.4%

23/24: +16.3%

24/25	16.4
23/24	14.1
22/23	10.6
21/22	12.2

Adjusted return on capital employed increased to 16.4%, up 16.3% vs 2023/24.

APM

Group profit before tax and adjusting items

£875.5m

23/24: +22.2%

24/25	875.5
23/24	716.4
22/23	453.3
21/22	509.7

Group profit before tax and adjusting items was £875.5m, up 22.2% vs 2023/24.

Group profit before tax

£511.8m

23/24: -23.9%

24/25	511.8
23/24	672.5
22/23	475.7
21/22	391.7

Group profit before tax was £511.8m, down 23.9% on 2023/24.

APM

Adjusted basic earnings per share (EPS)

31.9p

23/24: +29.7%

24/25	31.9
23/24	24.6
22/23	16.9
21/22	16.2

Adjusted basic earnings per share was 31.9p due to higher adjusted profit year on year.

Basic earnings per share

14.6p

23/24: -33.3%

24/25	14.6
23/24	21.9
22/23	18.5
21/22	10.7

Basic earnings per share was 14.6p.

Dividend per share declared in respect of the year

3.6p

23/24: +20%

24/25	3.6
23/24	3.0
22/23	0.0
21/22	0.0

The improved performance and balance sheet results in a proposed final dividend of 2.6p and a full year dividend of 3.6p for 2024/25.

APM

Free cash flow from operations

£443.3m

23/24: +1.3%

24/25	443.3
23/24	437.8
22/23	181.9
21/22	745.2

The business generated free cash flow from operations of £443.3m, a year-on-year increase of £5.5m.

FINANCIAL REVIEW

52 weeks ended	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 23/24 %
Group statutory revenue	13,816.8	13,040.1	6.0
Group sales	13,914.3	13,109.3	6.1
Food	9,021.0	8,298.8	8.7
Fashion, Home & Beauty	4,235.3	4,091.4	3.5
International	658.0	719.1	(8.5)
Group operating profit before adjusting items	984.5	838.6	17.4
Food	484.1	388.4	24.6
Fashion, Home & Beauty	475.3	437.5	8.6
International	46.3	47.8	(3.1)
Share of result in Ocado Retail Limited ²	(28.7)	(37.3)	23.1
M&S Financial Services / Other	7.5	2.2	n/a
Net interest payable on lease liabilities	(110.2)	(110.5)	0.3
Net financial interest	1.2	(11.7)	n/a
Profit before tax and adjusting items	875.5	716.4	22.2
Adjusting items	(363.7)	(43.9)	n/a
Profit before tax	511.8	672.5	(23.9)
Profit after tax	291.9	425.2	(31.3)
Adjusted basic earnings per share	31.9p	24.6p	29.7
Basic earnings per share	14.6p	21.9p	(33.3)
Dividend per share	3.6p	3.0p	20.0
Net debt	(1,789.6)	(2,165.8)	n/a
Net funds excluding lease liabilities	437.8	45.7	n/a
Group capex and disposals	(458.6)	(423.2)	8.4
Free cash flow from operations	443.3	437.8	n/a
Adjusted return on capital employed	16.4%	14.1%	2.3pts

1 Results of Republic of Ireland (ROI) have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty.

2 Share of result in Ocado Retail Limited relates to the 57 weeks to 6th of April 2025.

There are a number of non-GAAP measures and alternative profit measures (APMs) discussed within this announcement, and a glossary and reconciliation to statutory measures is provided at the end of this report. Adjusted results are consistent with how business performance is measured internally and presented to aid comparability of performance. Refer to the adjusting items table on page 27 for further details.



“

Delivery of sustained and consistent free cash flow provided balance sheet capacity, combined with further improvement to return on capital employed from our key strategic investments.

Jeremy Townsend
Chief Financial Officer



➔ Use the QR code to watch Jeremy's video.

FINANCIAL REVIEW CONTINUED

Group results

Group sales were £13,914.3m. This was an increase of 6.1% versus 2023/24, driven by Food sales up 8.7% and Fashion, Home & Beauty sales up 3.5%. Statutory revenue in the period was £13,816.8m, an increase of 6.0% versus 2023/24.

The Group generated profit before tax and adjusting items of £875.5m compared with £716.4m in the prior year. The results of Republic of Ireland (ROI) have been reclassified from the International segment to be reported within Food and Fashion, Home & Beauty and the prior year restated.

Adjusting items were a net charge of £363.7m, compared with £43.9m in the prior year. The net charge in the period primarily consists of an impairment charge of £248.5m recognised in relation to the value of the investment in Ocado Retail, costs relating to the UK store rotation plans, and the M&S Financial Services transformation, partially offset by a credit relating to a legal settlement.

As a result, the Group generated a statutory profit before tax of £511.8m, compared with £672.5m in the prior year.

Adjusted basic EPS was 31.9p, up 29.7% on 2023/24 reflecting higher adjusted profit in the period. Basic EPS was 14.6p, down 33.3% on 2023/24, reflecting reduced profit in the period.

A final dividend of 2.6p per share has been declared, payable on 4 July 2025.

For full details the Group's related policy and adjusting items, read more in notes 1 and 5 in the financial statements.

Food – UK and ROI

Food sales increased 8.7%, with like-for-like sales up 8.6%, driven by volume growth in core categories, continued quality upgrades, and weekly innovation. Sales growth in Q1 and Q4 was adversely impacted by the absence of Easter during 2024/25.

Change vs 23/24 %	Q1	Q2	Q3	Q4	FY
Food	5.6	10.6	8.7	10.0	8.7
Food like-for-like sales	4.7	10.3	8.9	10.6	8.6

M&S Food has an online grocery presence with Ocado Retail. Ocado Retail's sales to customers are reported by Ocado Group and are not included within these numbers.

52 weeks ended	29 Mar 25	30 Mar 24	Change vs 2023/24 %
UK Transactions, m (average/week)	10.5	9.7	8.2
UK Basket value inc VAT (£)	16.2	15.9	1.9

Sales growth was driven by volume growth as the number of transactions and frequency of shop increased. UK basket value was up, with the number of larger basket shops up 13%.

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 %
Sales	9,021.0	8,298.8	8.7
Operating profit before adjusting items	484.1	388.4	24.6
Adjusted operating margin	5.4%	4.7%	69 bps

Operating profit before adjusting items was £484.1m compared with £388.4m in 2023/24, with an adjusted operating margin of 5.4% versus 4.7% last year.

Gross margin decreased 0.1% pts as investment in value and quality was largely offset by cost reductions from sourcing programmes.

Operating costs increased 5.4%, which was lower than sales growth of 8.7%, resulting in operational cost leverage of 0.8% pts.

Operating cost increases in the year related to:

- Retail investment in colleague pay and in store services, partly offset by structural cost savings
- Supply chain investment in colleague pay and costs associated to additional volumes offset by structural cost savings and efficiencies
- Increased investment in core infrastructure in digital and technology
- Central costs were broadly level on the year

Operating profit margin before adjusting items	%
2023/24	4.7
Gross margin	(0.1)
Retail costs	0.5
Logistics	—
Digital & Technology	(0.1)
Central costs	0.4
2024/25	5.4

FINANCIAL REVIEW CONTINUED

Fashion, Home & Beauty – UK and ROI

UK and ROI Fashion, Home & Beauty sales increased 3.5%, with like-for-like sales up 4.4%. Strong Q2 and Q4 sales were driven by seasonal campaign performance, supported by investment in improved customer experience online.

Change vs 23/24 %	Q1	Q2	Q3	Q4	FY
Fashion, Home & Beauty sales ¹	1.3	8.1	1.0	4.7	3.5
Fashion, Home & Beauty like-for-like sales	1.4	9.3	1.9	5.9	4.4
Fashion, Home & Beauty online sales	5.8	16.5	6.1	7.3	8.8
Fashion, Home & Beauty store sales	(0.7)	4.2	(1.5)	3.4	1.0
<i>Fashion, Home & Beauty statutory revenue</i>	<i>953.7</i>	<i>1,029.8</i>	<i>1,274.8</i>	<i>879.5</i>	<i>4,137.8</i>

1 'Sales' are statutory revenue plus the gross value of consignment sales ex. VAT.

To enable greater insight into these movements, further detail is provided on the performance of each channel in the UK.

Online

52 weeks ended	29 Mar 25	30 Mar 24	Change vs 2023/24 %
Active customers (m) ¹	10.2	9.4	8.5
Frequency ²	3.8	3.5	8.6
Transactions (m)	38.5	33.2	16.0
Average Basket value (£) ³	60.7	60.9	(0.3)
Returns Rate (%) ⁴	33.8	31.3	2.5% pts

1 Active customers is the count of unique customers who transacted online in the last 52 weeks.

2 Frequency is the count of purchasing transactions divided by customers.

3 Prior year average basket value has been restated to reflect alternative source data as a result of cookie compliance tracking.

4 Returns rate represents returns on dispatch sales.

Online sales were driven by customer growth and increased frequency as we invested in upgrading the website experience and increased brand and social marketing. This was partly offset by increased returns reflecting continued growth in trend-led products and partner brands.

Stores

52 weeks ended	29 Mar 25	30 Mar 24	Change vs 2023/24 %
Transactions, m (average/week)	1.8	1.8	—
Average basket value inc. VAT pre returns (£)	39.5	39.2	0.8

Fashion, Home & Beauty store sales increased in a declining market, with good growth in retail parks and shopping centres, supported by three new stores opened in 2024/25: Dundee, Washington Galleries and Battersea.

Total Fashion, Home & Beauty

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 %
Sales	4,235.3	4,091.4	3.5
Operating profit before adjusting items	475.3	437.5	8.6
<i>Adjusted operating margin</i>	11.2%	10.7%	53 bps

Operating profit before adjusting items was £475.3m compared with £437.5m in 2023/24, with an adjusted operating margin of 11.2% compared with 10.7% last year.

Gross margin increased 1.2% pts, driven by better buying and currency-related gains, which more than offset supplier labour cost headwinds.

Operating costs increased 5.1%, which was higher than sales growth of 3.5%, resulting in operating cost deleverage of 0.7% pts.

Operating cost increases in the year related to:

- Logistics costs associated with growth in online orders
- Investment in core infrastructure in digital and technology
- Increased central costs in marketing, website improvements and transformation

Conversely, retail costs decreased in the year as investment in colleague pay was offset by cost savings.

Operating profit margin before adjusting items	%
2023/24	10.7
Gross margin	1.2
Retail costs	0.8
Logistics	(0.2)
Digital & Technology	(0.6)
Central costs	(0.7)
2024/25	11.2



FINANCIAL REVIEW CONTINUED

Total Fashion, Home & Beauty continued

Within these results, store margin increased 1.3% pts to 13.1% while online margin declined 0.8% pts to 7.5%, reflecting the investment in online and customer experience.

International

International sales decreased by 8.5% (7.1% at constant currency). This was driven by lower Fashion, Home & Beauty shipments following actions taken to reduce stock levels by franchise partners and ongoing challenging trading conditions in owned stores in India.

Adjusted operating profit declined due to the reduction in sales, partially offset by improved cost control in owned markets in H2.

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 %	Change vs 2023/24 CC %
International				
Sales	658.0	719.1	(8.5)	(7.1)
Operating profit before adjusting items	46.3	47.8	(3.1)	(2.0)
<i>Adjusted operating margin</i>	7.0%	6.6%	39 bps	37 bps

Ocado Retail Limited

The Group holds a 50% interest in Ocado Retail Limited (Ocado Retail). The remaining 50% interest is held by Ocado Group Plc (Ocado Group). Results for Ocado Retail are currently reported by Ocado Group and are not consolidated in this release.

From 2025/26 Ocado Retail Limited will be consolidated in the results of M&S in accordance with the joint venture agreement and align with the year-end accounting period of M&S. These results therefore relate to the 57 weeks to 6 April 2025 and include an M&S Group share of adjusted loss of £28.7m.

There will be no change in the economic interest of both shareholders in Ocado Retail Limited, or any consideration paid by the Group, as a result of the change.

Revenue increased by £621.6m in the 57 weeks to 6 April 2025. This was driven by active customer growth and higher frequency, whilst average selling price remained broadly level.

	57 weeks ended 6 Apr 25 £m	53 weeks ended 3 Mar 24 £m	Change vs 2023/24 £m
Revenue	3,091.9	2,470.3	621.6
Adjusted EBITDA	62.0	26.8	35.2
Adjusting items ¹	(20.8)	(61.1)	40.3
Depreciation and amortisation	(65.6)	(61.2)	(4.4)
Operating loss	(24.4)	(95.5)	71.1
Net interest charge	(37.0)	(30.3)	(6.7)
Taxation	—	(7.9)	7.9
Loss after tax	(61.4)	(133.7)	72.3
M&S 50% share of loss after tax	(30.7)	(67.0)	36.3
Reported in M&S Group adjusted profit before tax	(28.7)	(37.3)	8.6
Reported in M&S Group adjusting items	(2.0)	(29.7)	27.7

¹ Adjusting items are defined within the Ocado Group Plc Annual Report and Accounts 2024.

Adjusted EBITDA increase was driven by revenue growth ahead of operational costs, partly offset by lower gross margin.

Adjusting items primarily relate to Ocado Retail's transition to the OSP platform. There is a £4.0m charge relating to the ceasing of operations at Hatfield which is reported as an adjusting item in M&S Group's share of Ocado Retail results.

Net interest charge increased, partly reflecting a higher interest expense on loans from shareholders, of which the M&S share is reported in the Group's finance income (£8.5m in 2024/25, £6.0m in 2023/24).

Last year there was a tax charge of £7.9m, driven by the write-off of a deferred tax asset.

Overall Ocado Retail reported a loss after tax of £61.4m. M&S group share was a loss of £30.7m, which is reported in M&S Group profit before tax.

M&S Financial Services

M&S Financial Services generated a profit before adjusting items of £7.0m (H1: £8.2m), this full year performance compares with £2.2m in 2023/24. Profit reduced in the second half reflecting the one-off costs as we transfer our Travel Money business from HSBC to Eurochange.

Details of the M&S Bank transformation and insurance mis-selling provisions can be found in adjusting items.



FINANCIAL REVIEW CONTINUED

Net finance cost

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 £m
Interest payable	(45.9)	(53.3)	7.4
Interest income	54.9	52.3	2.6
Net interest receivable/(payable)	9.0	(1.0)	10.0
Unwind of discount on Scottish Limited Partnership liability	(1.4)	(4.1)	2.7
Unwind of discount on provisions	(6.4)	(6.6)	0.2
Net financial interest	1.2	(11.7)	12.9
Net interest payable on lease liabilities	(110.2)	(110.5)	0.3
Net finance cost before adjusting items	(109.0)	(122.2)	13.2
Adjusting items included in net finance cost	(3.5)	80.5	(84.0)
Net finance cost	(112.5)	(41.7)	(70.8)

Net finance cost before adjusting items decreased £13.2m to £109.0m. This was driven by reduced interest payable as a result of the repurchase of medium-term notes and increased interest income on cash and current financial assets.

Adjusting items within net finance costs decreased primarily due to last year's remeasurement of Ocado Retail Limited contingent consideration and reduced net pension finance income.

Group profit before tax and adjusting items

Group profit before tax and adjusting items was £875.5m, up 22.2% on 2023/24. The profit increase was primarily due to growth in the Food and Fashion, Home & Beauty businesses with reduced share of group losses in Ocado Retail.

Group profit before tax

Group profit before tax was £511.8m, down 23.9% on 2023/24. This includes a net charge for adjusting items of £363.7m (2023/24: charge of £43.9m).

Adjusting items

The Group makes certain adjustments to statutory profit measures in order to derive alternative performance measures (APMs) that provide stakeholders with additional helpful information and aid comparability of the performance of the business. For further detail on these (charges)/gains and the Group's policy for adjusting items, please see notes 1 and 5 in the financial statements. These (charges)/gains are reported as adjusting items on the basis that they are significant in quantum in current or future years and aid comparability from one period to the next.

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m	Change vs 2023/24 £m
Included in share of result of associate – Ocado Retail Limited	(14.9)	(42.6)	27.7
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Limited	(12.9)	(12.9)	—
Ocado Retail Limited – UK network capacity review	(2.0)	(29.7)	27.7
Included in operating profit	(345.3)	(81.8)	(263.5)
Strategic programmes – Store estate	(84.4)	(93.0)	8.6
Strategic programmes – International reset	(20.6)	—	(20.6)
Strategic programmes – Digital & Technology transformation	(10.2)	—	(10.2)
Strategic programmes – Organisation	—	(3.5)	3.5
Strategic programmes – UK Logistics	—	5.3	(5.3)
Strategic programmes – Furniture simplification	11.1	(18.3)	29.4
Store impairments, impairment reversals and other property charges	2.3	35.1	(32.8)
Impairment of investment in Ocado Retail Limited	(248.5)	—	(248.5)
M&S Bank transformation and insurance mis-selling provisions	(15.5)	(7.0)	(8.5)
Acquisition of Gist Limited	—	(0.4)	0.4
Legal Settlement	20.5	—	20.5
Included in net finance income/(costs)	(3.5)	80.5	(84.0)
Pension net finance income	4.1	24.0	(19.9)
Remeasurement of Ocado Retail Limited contingent consideration	—	64.7	(64.7)
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(7.6)	(8.2)	0.6
Adjustments to profit before tax	(363.7)	(43.9)	(319.8)

Adjusting items recognised were a net charge of £363.7m. These include:

A non-cash charge of £12.9m with respect to the amortisation of intangible assets acquired on the purchase of our share in Ocado Retail.

A charge of £2.0m included within the share of result in associate. This reflects the group share of costs relating to the ceasing of operations at Ocado Retail's Hatfield CFC and wider network review.

FINANCIAL REVIEW CONTINUED

Adjusting items continued

A charge of £84.4m in relation to store estate rotation plans. This reflects the revised view of store exit routes, assumptions, estimated closure costs, charges relating to the impairment of buildings, fixtures and fittings, and accelerated depreciation.

A charge of £20.6m in relation to one-off charges related to contractual obligations due to the closure of European distribution centres, and the write off of certain assets no longer required.

As part of the strategic programme to reset our Digital & Technology operating model, a charge of £10.2m was incurred in the period, primarily relating to consultancy costs and related structural changes.

A net credit of £11.1m has been recognised associated with the exit of the two-person furniture delivery operation. The credit mainly reflects the settlement of the contractual obligations with suppliers and the profit on disposal of a distribution centre.

A non-cash net credit of £2.3m in relation to store impairment reversals, driven by revised future cash flow projections in relation to the carrying value of stores.

Ahead of the expected consolidation of Ocado Retail Limited in 2025/26, and in accordance with the relevant accounting standards, the Group performed a valuation exercise of Ocado Retail in the second half of the year, which triggered a full impairment test of the Group's existing investment. This resulted in an impairment charge of £248.5m, which has been recognised in relation to the value of the investment.

A charge of £15.5m in relation to M&S Bank transformation and insurance mis-selling provisions, predominately relating to the settlement of the deficit which had been recognised by M&S Bank. Total programme costs to date are £20.5m and under the terms of the new agreement, material charges are expected over the next six years.

The Group received a net credit of £20.5m as part of a legal settlement in relation to damages received from an independent third party following its involvement in anti-competitive behaviour that adversely impacted the Group.

For further details on adjusting items see note 5 in the financial statements.

Taxation

The effective tax rate on profit before tax and adjusting items was 26.7% (2023/24: 33.2%). This was higher than the UK statutory tax rate, primarily due to the impact of non-deductible Ocado JV Losses.

The effective tax rate on statutory profit before tax was 43.0% (2023/24: 36.8%). This is higher than the effective tax rate on profit before adjusting items due to the impact of non-taxable adjusting items such as impairments.

Earnings per share

Basic earnings per share was 14.6p (2023/24: 21.9p), due to lower profit in the year and an increase in the effective tax rate. Adjusted basic earnings per share was 31.9p (2023/24: 24.6p) due to higher adjusted profit and a reduced effective tax rate on profit before adjusting items.

The weighted average number of ordinary shares in issue during the period was 2,021.9m (2023/24: 1,973.2m), with the weighted average number of diluted ordinary shares 2,110.7m (2023/24: 2,075.9m).

Cash flow

	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m
Operating profit	624.3	714.2	(89.9)
Adjusting items within operating profit	360.2	124.4	235.8
Operating profit before adjusting items	984.5	838.6	145.9
Depreciation, amortisation, impairments and disposals	542.6	526.3	16.3
Cash lease payments	(343.0)	(321.4)	(21.6)
Working capital	(38.6)	77.2	(115.8)
Non-cash pension expense	5.6	5.3	0.3
Defined benefit scheme pension funding	(0.4)	(0.4)	—
Capex and disposals	(458.6)	(423.2)	(35.4)
Financial interest	(2.6)	(31.2)	28.6
Taxation	(208.3)	(191.2)	(17.1)
Employee-related share transactions	(13.1)	22.2	(35.3)
Share of result from Associate	28.7	37.3	(8.6)
Loans to Associates	—	(62.0)	62.0
Share of results in other joint ventures	(0.5)	0.3	(0.8)
Adjusting items in cash flow	(53.0)	(40.0)	(13.0)
Free cash flow from operations	443.3	437.8	5.5



FINANCIAL REVIEW CONTINUED

Cash flow continued

	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m
Lease Surrender Payments	(19.0)	(24.1)	5.1
Transactions with non-controlling interest	(2.6)	—	(2.6)
Acquisitions, investments, and divestments	(11.9)	(2.6)	(9.3)
Free cash flow	409.8	411.1	(1.3)
Dividends paid	(60.5)	(19.6)	(40.9)
Free cash flow after shareholder returns	349.3	391.5	(42.2)
Opening net funds excluding lease liabilities	45.7	(355.6)	401.3
Free cash flow after shareholder returns	349.3	391.5	(42.2)
Exchange and other non-cash movements excluding leases	42.8	9.8	33.0
Closing net funds excluding lease liabilities	437.8	45.7	392.1
Opening net debt	(2,165.8)	(2,637.2)	471.4
Free cash flow after shareholder returns	349.3	391.5	(42.2)
Decrease in lease obligations	258.6	243.5	15.1
New lease commitments and remeasurements	(261.0)	(176.0)	(85.0)
Exchange and other non-cash movements	29.3	12.4	16.9
Closing net debt	(1,789.6)	(2,165.8)	376.2

¹ Lease Surrender Payments have been reclassified in 2024/25 as an adjustment to Free Cash Flow.

The business generated free cash flow from operations of £443.3m, a year-on-year increase of £5.5m.

Growth in operating profit before adjusting items was offset by a planned working capital outflow and increased capex net of disposals.

The working capital outflow was partly driven by a change of payment terms in Fashion, Home & Beauty from 90 to 75 days at the end of the prior year. Increased Food inventory was offset by growth in payables, partly due to Easter timing.

The reduction in financial interest paid was driven by the repurchase of medium-term notes. Taxation increased due to higher profit before adjusting items in the year. Loans to associates reflect reduced funding requirements for Ocado Retail Limited.

Adjusting items in cash flow include a £25.0m fee relating to a change in arrangements between M&S and HSBC UK for financial services, £20.6m relates to the store estate strategy, £6.4m relates to Furniture simplification, and £4.9m relates to Fashion, Home & Beauty network improvements. These were partly offset by £22.0m received relating to a legal settlement.

Dividends paid reflect the final dividend paid for 2023/24 and the interim dividend for 2024/25.

The Group generated free cash flow after shareholder returns, resulting in a further increase in net funds excluding lease liabilities and a reduction in net debt.

Movement in Exchange and other non-cash movements excluding leases relates to the change in recognition of the Scottish Limited Partnership liability.

Capital expenditure

	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m
52 weeks ended			
Store renewal	118.8	51.5	67.3
New stores	125.8	77.4	48.4
Property maintenance	114.0	99.1	14.9
Supply chain	95.3	69.3	26.0
Digital & Technology	104.7	80.8	23.9
International	7.4	12.4	(5.0)
ROI	11.1	5.6	5.5
Financial services	1.1	—	1.1
Capital expenditure before property disposals	578.2	396.1	182.1
Property disposals	(48.3)	(6.1)	(42.2)
Capital expenditure	529.9	390.0	139.9
Movement in capital accruals and other items	(71.3)	33.2	(104.5)
Capex and disposals as per cash flow	458.6	423.2	35.4

¹ International has been restated as no longer includes ROI.

FINANCIAL REVIEW CONTINUED

Capital expenditure continued

Group capital expenditure before property disposals increased £182.1m to £578.2m due to increased investment in store renewal and new stores, supply chain and digital & technology.

Store renewal investment was driven by flagship renewals opened in the year at Cribbs Causeway, Gemini and Tamworth. Spend on new stores was driven by the opening of two Full Line stores at Dundee, Washington Galleries and the extension of Fosse Park which launched in October.

Supply chain expenditure reflects investment in expanding Fashion, Home & Beauty fulfilment capabilities, as well as replacement of vehicles and handling equipment.

Digital and technology includes technology replacement, network upgrades, and continued investment in website and app development.

Net debt

Group net debt decreased £376.2m since last year driven by the generation of free cash flow and the change in recognition of the Scottish Limited Partnership liability (see note 12 in the financial statements).

The composition of Group net debt is as follows:

52 weeks ended	29 Mar 25 £m	30 Mar 24 £m ¹	Change vs 2023/24 £m
Cash and cash equivalents ¹	864.5	1,022.4	(157.9)
Current financial assets and other ¹	290.4	26.9	263.5
Medium-Term Notes	(717.1)	(921.7)	204.6
Partnership liability	—	(81.9)	81.9
Net funds excluding lease liabilities	437.8	45.7	392.1
Lease liabilities	(2,227.4)	(2,211.5)	(15.9)
Group net debt	(1,789.6)	(2,165.8)	376.2

1 Cash and cash equivalents represents cash held on deposit for under 90 days. Current financial assets includes funds on deposit for longer than 90 days.

The Medium-Term Notes include four bonds, with maturities out to 2037, and the associated accrued interest. During the period part of 2025 and 2026 bonds were repurchased totalling £190.3m. The USD 300m 2037 bond is valued by reference to the embedded exchange rate in the associated cross currency swaps. The full breakdown of maturities is as follows:

Bond and maturity date	Value £m
Jun 2025, GBP	105.5
May 2026, GBP	109.4
Jul 2027, GBP	250.0
Dec 2037, USD	252.9
Unamortised bond costs and effects of fair value hedges	(1.7)
Total principal value	716.1
Interest and FX revaluation	1.0
Total carrying value	717.1

Lease Liabilities	29 Mar 25 £m	30 Mar 24 Restated £m ¹	Change vs 2023/24 £m	Average lease length to break ²
Full Line stores	(841.7)	(860.1)	18.4	c. 16 years
Food stores	(701.4)	(682.2)	(19.2)	c. 10 years
Offices, warehouses, ROI and other	(518.5)	(514.9)	(3.6)	
International	(165.8)	(154.3)	(11.5)	
Total lease liability	(2,227.4)	(2,211.5)	(15.9)	

1 Restated owing to ROI moving out of international.

2 Liability-weighted average lease length to break.

New lease commitments and remeasurements in the period were £261.0m, largely relating to UK lease additions including new stores and UK property liability remeasurements, which was more than offset by capital lease repayments.

Full Line store lease liabilities include £149.3m relating to stores identified as part of the store estate strategic programme. The average lease lengths on full line stores is skewed by nine particularly long leases. Excluding these nine leases, the average term to break of leases outside the programme is c.14 years. Food store lease liabilities include £49.5m relating to stores identified as part of the store estate strategic programme.

FINANCIAL REVIEW CONTINUED

Pension

At 29 March 2025, the IAS 19 net retirement benefit deficit was £122.7m (2023/24: £77.2m surplus). There has been a decrease of £199.9m since prior year largely driven by changes to member mortality experience and the change in recognition of the Scottish Limited Partnership.

The most recent actuarial valuation of the UK DB Pension Scheme was carried out as at 31 March 2024 and showed a funding surplus of £288m. This is a reduction compared to the previous position at 31 March 2021 (funding surplus of £687m), primarily due to net investment experience.

The IAS 19 net retirement deficit differs from the actuarial valuation primarily due to the difference in discount rate applied.

The Company and Trustee have confirmed, in line with the current funding arrangement, that no further contributions will be required to fund past service because of this valuation, other than those contractually committed under the existing Marks and Spencer Scottish Limited Partnership arrangements.

Marks and Spencer Scottish Limited Partnership

Marks and Spencer plc is a general partner of the Marks and Spencer Scottish Limited Partnership, with the UK DB Pension Scheme, which is a limited partner.

The Partnership holds £1.3bn (2023/24: £1.3bn) of properties at book value which have been leased back to Marks and Spencer plc.

In February 2025 the Group and the UK DB Pension Scheme Trustee agreed to a change to the Partners' entitlements to distributions from the partnership. The first limited partnership interest and second limited Partnership interest were replaced by a third limited partnership interest.

The new third partnership interest (also held by the UK DB Pension Scheme), entitles the Pension Scheme to receive £45.0m in June 2025 and June 2026, and £55.0m in June 2027 and June 2028. From June 2029 to June 2035 the Pension Scheme is entitled to receive either £55.0m or £nil, depending on the funding level of the Pension Scheme as at the latest reporting date. Under certain circumstances these amounts may be retained in the Partnership, with the distribution determined by the future funding position of the pension scheme.

Liquidity

At 29 March 2025, the Group had liquidity of £1,739.5m (last year: £1,897.4m), comprising cash and cash equivalents of £864.5m, an undrawn committed syndicated bank revolving credit facility (RCF) of £850.0m (set to mature in June 2027), and undrawn uncommitted facilities amounting to £25.0m.

The Group continues to maintain a robust balance sheet providing it with sufficient access to liquidity, through a combination of cash and committed facilities, to meet its needs in the short and medium-term.

Dividend

With the Group generating a further improvement in operating performance, balance sheet and credit metrics, a final dividend of 2.6p per share has been declared. This will be payable on 4 July 2025 to shareholders on the register of members as at close of business on 30 May 2025.

Statement of financial position

Net assets were £2,951.4m at the period end. The profit made in the period and the reduction in borrowings resulted in an overall increase in net assets of 4.3% since prior year.

PEOPLE AND CULTURE

Our behaviours

We get out there and ask questions, curious and keen to get **close to customers, close to colleagues.**

We say it, we do it. We're bold with our decisions, and ambitious for growth. We're hands on, sleeves rolled up, and we get the job done.

We tell it as it is. We're honest and straight talking. We're informal and conversational. No dramas.

We disrupt and innovate. We're tough on performance, learn from others to get better every day, and **we always aim higher.**

A high-performance culture is critical to the next phase of our transformation and every one of our 63,000 colleagues has a role to play in delivering it.

The aim is to create a culture that is closer to customers and closer to colleagues and constantly raising the bar. While we have made progress this year, there's still so much more to do to build the culture we need to reshape M&S for growth.

Creating a high-performing M&S

Rewarding our front-line colleagues

Our vision is to be the most trusted retailer, and to do that, we also need to be the most trusted employer. For the third year in a row, M&S has made a record investment – £95m – in UK retail pay. Customer Assistant's pay increased to £12.60 per hour (and £13.85 in London), in line with the Real Living Wage, effective from 1 April 2025. Since 2022, we have invested more than £285m in our retail pay, with standard hourly rates increasing by over 26%, more than double the rate of inflation. For the third year, we also awarded our front-line colleagues an M&S e-gift card in recognition of their contribution during our peak period over Christmas. We also provide a wide range of benefits which, when combined with the new hourly pay rate, could be worth up to £15.40 an hour. These benefits include an uncapped industry leading 20% colleague discount, pension contributions up to 12% of salary and 26 weeks maternity/adoption leave at full pay.

We work selflessly. We put M&S first to make the right calls for our customers and shareholders, so we all win together.

We're financially disciplined. We make the right choices with our money to **spend wise, save well.**

PEOPLE AND CULTURE CONTINUED

Robust goal setting

Putting better processes in place so every colleague has clear and measurable goals – which are essential to driving a high-performance culture – has been a priority over the past three years. This year, we set shared objectives across M&S which focus on customers, stores, business transformation and growth. To ensure performance is more regularly reviewed, we have introduced quarterly check-ins across the business. This more regular drumbeat also provides clearer touchpoints to support development and ensures underperformance is addressed sooner. In the September 2024 Pulse survey, 86% of colleagues agreed 'I'm clear about what is expected of me in my role', and 79% agreed 'In my team, we always aim higher'.

Upskilling leaders and line managers

Line managers have a critical role to play in driving the next phase of our transformation. Investing in our line managers has been a clear focus this year and we have taken steps to reset what it means to be a line manager at M&S. To drive accountability, consistency and raise the bar on performance, we introduced a specific objective for every line manager on driving the quality, engagement and performance of their team. We also launched Raise the Bar, an intervention to set a benchmark for all 6,000+ line managers across M&S, so there is clarity on expectations around giving actionable feedback and proactive management of poor performance. There is much more to do in this space but we are beginning to build a stronger foundation.

Embedding our behaviours

Following the introduction of our behaviours in 2023/24, the focus this year has been on hardwiring them across the business, including through recruitment and performance management, and making them part of how we communicate through our brand guidelines. Through the Pulse survey, we are now measuring our progress against the behaviours across the business, with leaders required to build action plans to address areas of concern.

Closer to colleagues and closer to customers

Getting even closer to customers

At the heart of a culture that's sleeves rolled up and hands on is our Closer to Customers programme which brings Store Support Centre colleagues closer to the front line. Now in its third year, the programme has been expanded so that every colleague joining the business starts their career with M&S in stores. Every newly hired leader now spends their first four weeks working in store, while new starters to our Support Centre spend three days in their first week with the business in store. Feedback has been incredibly positive with new joiners developing an accelerated understanding of the challenges and opportunities facing the business and the role they can play in driving change.

All colleagues spend seven days per year working in stores. In 2024/25, more than 4,000 Support Centre colleagues spent over 200,000 hours working in stores, breaking down barriers and driving better collaboration. Following feedback from stores, we encouraged Support Centre colleagues to align Closer to Customer days to critical trading periods. Support Centre colleagues spent over 93,000 hours supporting 596 stores over Christmas, helping to serve, sell and fill while getting closer to our customers and colleagues.

Simplifying processes for stores

For a long time, our stores have been overburdened with reports and tasks, taking up time that should be spent serving our customers. This year, there has been considerable focus on reducing complexity for our stores. One example of this is simplifying store KPIs from 24 to six clearer, more actionable measures.

We also introduced Live from the Floor calls between Store Support Centre colleagues and our stores. Each week, Store Managers and Regional Managers give their feedback directly to the Support Centre colleagues responsible for addressing their issues to drive better communication and quicker outcomes.

Engaging colleagues through BIG

At the heart of colleague engagement is our elected M&S colleague representative network, BIG. This year, BIG has played an instrumental role in defining our retail pay strategy and supporting efforts to 'Raise the Bar' on performance as part of the wider cultural reset across the business. This year, the National BIG leadership team met with over 600 store BIG teams, hearing first-hand from our colleagues and strengthening the network across the business.

To keep leadership informed on how colleagues are feeling, the National BIG Chair meets with Stuart and the National BIG reps from across stores, Castle Donington and Support Centres every six weeks, and the Board and the Executive Committee every quarter. Stuart also now meets directly with Support Centre BIG reps twice a year, to give the opportunity for Support Centre colleague views to be shared directly with the CEO.

Evolving 'The Pulse' engagement survey

The Pulse colleague engagement survey gives every colleague the opportunity to tell us how they feel and helps us to better track our progress towards building a high-performance culture. Following its launch in January 2024, focus this year has been on evolving the survey to better measure colleague perceptions around our behaviours and transformation. The March 2025 survey saw a net promoter score (NPS) of 76% – a 12% year-on-year increase – in response to the statement 'I would recommend M&S as a great place to work' with a participation rate of almost 80%, up from 60% in September 2024. Focus is now on maintaining this momentum. Leaders are asked to review Pulse results and share action plans with teams within three weeks of the results being published, ensuring we are continuously facing into the areas of opportunity and addressing issues quickly.

PEOPLE AND CULTURE CONTINUED

Closer to colleagues and closer to customers continued

Encouraging two-way communication

Through our Straight to Stuart suggestion scheme, every colleague at M&S has the opportunity to put forward their ideas to improve the business and drive positive change. Since launching in May 2022, colleagues have submitted over 20,000 ideas, with many of these implemented to make M&S a better place to shop for our customers and a better place to work for our colleagues. This year, more than 6,500 ideas were submitted. One idea that received a 'yes' was the suggestion of M&S being the first retailer to offer a dedicated range of knickers for people living with stomas. Created in partnership with Colostomy UK, the range launched in August and has sold 21,000 units. The news was shared on our colleague channels and was our most engaged with post of the year.

We hosted a Straight to Stuart LIVE event this year, focused on improving our security and asset protection measures, hosted by Stuart Machin, Sacha Berendji, Operations Director, and Jayne Wall, Director of Central Operations, at our Security Operations Centre in Northampton. Colleagues submitted over 120 ideas for how we can make improvements with around 1,000 colleagues viewing the event live.

To give colleagues the opportunity to ask their questions directly of the leadership team, we host townhalls three times a year to align with the announcement of our financial results. This year, colleagues submitted over 100 questions, with every question asked receiving an answer – either during the session or as a follow-up. All Executive Committee (ExCo) members also have as one of their objectives taking part in at least four colleague and customer listening groups, with sessions this year including one taking place in Ireland and another in our Paddington Store Support Centre.

Raising the bar on talent

Improving hiring practices

To make sure we hire the best talent to support the future growth of M&S, there has been a focus this year on improving hiring practices. A new foundational module was launched to set the standard for hiring managers with more than 1,300 managers in our Support Centre now trained on the new approach. This training will form the foundation for continuous improvement in the year ahead with plans for the roll-out of better assessment tools and technology to further enhance hiring processes.

Investing in future leaders

To build a strong pipeline of future leaders, we have a clear rhythm of reviewing talent from across the business. The Fast Track programme, launched in September 2023, was established to support the highest potential colleagues and accelerate their progress through the business. An initial 43 colleagues were identified to join the programme which focuses on supporting development and preparing colleagues for the next stage of their career. 65% have now progressed into a bigger or broader role. In January 2025, a further 41 colleagues joined the programme, and further development is a priority for the year ahead as we continue to invest in nurturing talent in our stores, distribution centres and Support Centres.

To fuel the future talent pipeline, we continued to run our leadership development programmes BUILD and EVOLVE. 320 high-potential colleagues completed an M&S Future Leaders programme this year, with 30% from ethnic minorities and 72% being women.

A place where everyone can be themselves and be their best

Improving diversity in recruitment

The retail industry is an engine of social mobility and M&S is committed to helping young people furthest from work into employment. This year, we celebrated 20 years of our employability programme Marks & Start, managed in partnership with The King's Trust, and supported a further 603 young people through the programme with 88% of young people who completed their placements leading to paid employment opportunities. The programme brings diverse talent and thinking into M&S with 30% of participants this year from ethnic minorities and 29% having a declared disability.

Developing talent from minority backgrounds

We are committed to creating a more diverse, equitable and inclusive M&S. Last year, we launched EMERGE, a trial development programme aimed at encouraging greater representation of ethnic minorities on our future leader programmes. 37 colleagues completed the programme this year, with 14 of those on the programme being Team Managers in our stores. Since launching, we have seen an increase in representation of ethnic minorities on our future leader programmes. However, there have been a number of learnings since the launch which are being taken forward to improve the programme from next year.

PEOPLE AND CULTURE CONTINUED

Driving inclusion through engagement

With over 11,000 members from across the business, our colleague inclusion networks have an important role to play in helping us to drive a more inclusive workplace for all colleagues.

Improvements to the governance of the networks, increased sponsorship from senior leaders and investment in network chairs have supported their growth this year.

This year, key achievements of the networks include signing the Miscarriage Association's pregnancy loss

pledge as part of our commitment to being a leading employer for women in retail, improving learning resources on key topics including menopause, neurodiversity, unconscious bias, allyship and racial inequality, and working with the Careers Transition Partnership and the Ministry of Defence to promote career opportunities at M&S to Armed Forces personnel.

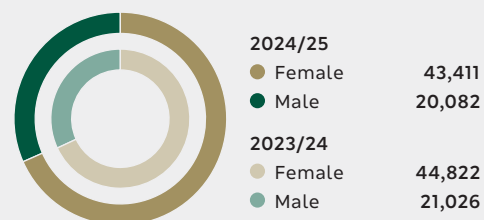
We have received external recognition for our progress this year, including as a top performer in the FTSE Women Leaders Review and as a top faith-friendly FTSE 100 workplace according to the 2025 UK REDI Monitor.

Looking ahead

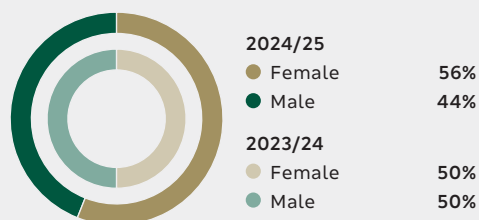
The year ahead will be focused on driving a talent strategy that will help further fuel future growth, further accelerating change to streamline processes for our stores so they can focus on serving our customers, and simplifying organisational structures in our Support Centres to drive a high-performing workforce. There will also be greater emphasis on holding leaders to account for driving culture change, through performance objectives and progress reviews in Business Boards and working more closely with BIG to make sure the voice of colleagues is represented in decision-making.

Colleague representation measurements

Total employees



Gender balance of senior leaders**



Colleague engagement (The Pulse survey)

76%

23/24: 64%

NPS score March 2025 – percentage of those who agree or strongly agree with the statement 'I would recommend M&S as a great place to work' with a participation rate of almost 80%, up from 60% in September 2024.

Senior managers* from ethnic minorities

4.9%

2023/24: 4.3%

* Senior managers are measured using our internal reward levels, being those who have the biggest influence and responsibility in driving and delivering the Group's strategy.

➔ Read more in our Nomination Committee Report on pages 72 to 73.

** Senior leaders are the 'senior management' of the Company and includes ExCo and ExCo direct reports, but excludes Board members. The gender breakdown of the Board is 60% female and 40% male.

➔ Read more on ExCo and Board director gender data on page 61.

Gender pay gap

12.2%

23/24: 12.6%

Figure provided is mean pay gap. We are committed to driving equal opportunities. Our focus is on continuing to make M&S a great place to work for women and while we are ahead of the national average, we know there is more to do in this space.

➔ Read more in our Remuneration Report on page 88.

ESG REVIEW

At M&S, we've always built trust by doing the right thing for our colleagues, customers, and the communities we serve.

This commitment has been at the heart of our business for over 140 years and continues to be just as important today. Our actions are guided by our vision to be the most trusted retailer, doing the right thing for our customers, with exceptional quality products at the heart of everything we do.

Underpinning this vision is our ESG strategy which we call Plan A. Not only does it help guide us in our approach to being responsible, it also means our customers can trust us to do the right thing.

There is a clear governance framework in place to support delivery of our strategy. The Executive Committee (ExCo), led by the CEO, is accountable for setting and delivering the strategy, with individual directors accountable for delivery within their areas, and the Corporate Affairs Director accountable for overall delivery of the programme. The ESG Committee provides a strategic oversight role in challenging strategy and supporting delivery plans. The ESG Business Forum, a cross-functional group of senior leaders and subject matter experts across M&S, plays a key role in tracking ESG progress against targets, supporting the accountability and decision-making functions of the ExCo and ESG Committee.

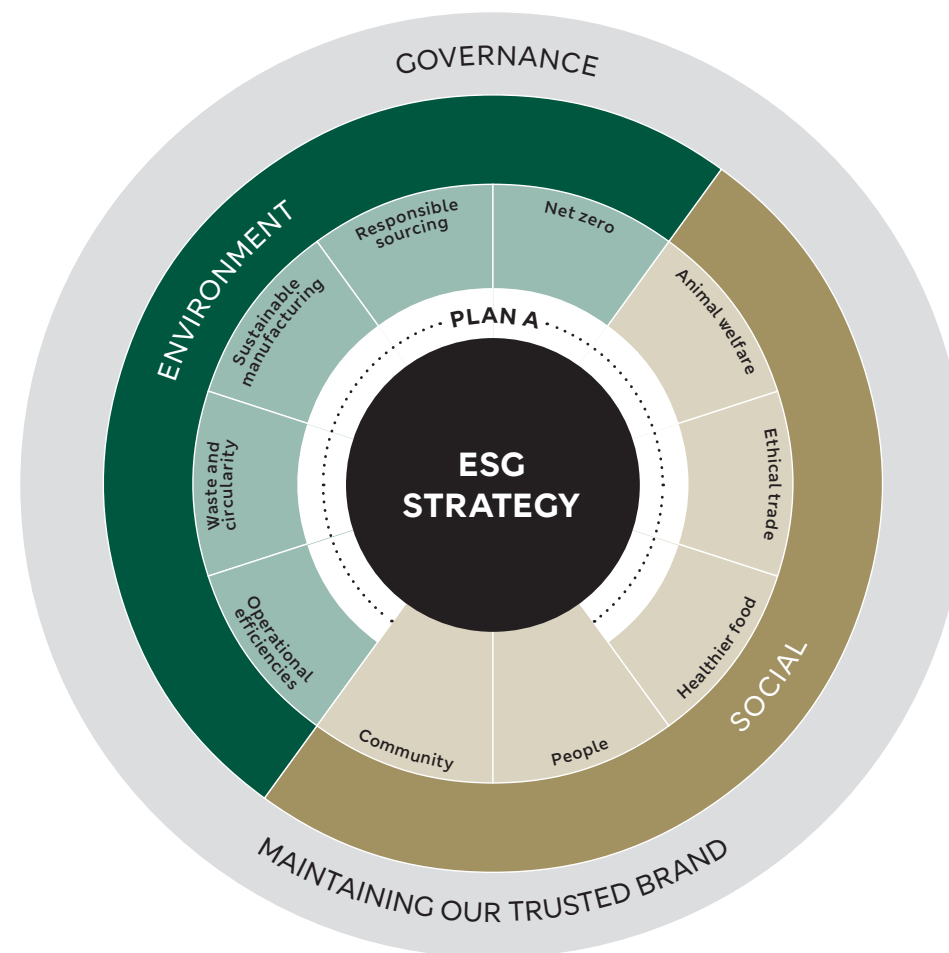
More broadly, effective and robust governance underpins how we do business. We expect every colleague to play their part through living our behaviour to 'act selflessly' – always acting in the best long-term interests of M&S and respecting their colleagues and our customers so we can win together – and by doing the right thing through compliance with our policies and standards.

➔ Read more about our approach to ESG in our ESG Report corporate.marksandspencer.com/ESGreport2025.

Our strategic priorities are supported and enhanced by our ESG strategy.



PLAN A.
BECAUSE
THERE IS
NO PLAN B.



ESG REVIEW CONTINUED

ESG highlights of the year

£4.4m

raised for YoungMinds since the beginning of the partnership in 2023

148.1m

pieces of plastic removed from our packaging portfolio this year

33%

reduction in Scope 1 and Scope 2 emissions vs 2016/17 baseline

101.1m

meals donated through our partnership with Neighbourly since 2015

100%

of cotton used in clothing products from more responsible sources

69%

of the Remarksable range designated as 'Eat Well'

ESG progress overview

Environment

Issue	Metric	Target	Assessment of progress
Net zero	Total location-based Scope 1 and Scope 2 GHG emissions.*	Reduce absolute Scope 1 and 2 GHG emissions 55% by 2029/30 from a 2016/17 base year.	✓
	Total Scope 3 GHG emissions.	Energy and Industry – reduce absolute Scope 3 GHG emissions 42% by 2029/30 from a 2022/23 base year. FLAG – reduce absolute Scope 3 FLAG GHG emissions 30.3% by 2029/30 from a 2022/23 base year.	✓
Responsible sourcing	RSPO Certified Sustainable Palm Oil with Segregated status (% of all palm oil).	100% by 2025/26.	✓
	Soy sourced from verified deforestation and conversion-free (VDCF) supply chains (% of total direct and indirect soy).	100% by 2025/26.	✓
	Cotton used in Fashion, Home & Beauty products from more responsible sources (% of all cotton used).	100% by 2025/26.	✓
	Polyester used in Fashion, Home & Beauty products from verified recycled sources (% of all polyester used).**	100% by 2025/26.	✓
Waste and circularity	Number of individual pieces of plastic (units) that have been removed from the M&S own-brand packaging portfolio.	Remove 1bn units by the end of 2027/28 from 2016/17.	✓
	Food waste.*	50% reduction by 2029/30 (vs 2016/17 base year).	–
	Food not sold that was fit for human consumption which was redistributed to charities, community organisations or colleagues.	100% by 2025/26.	–
	Operational waste to landfill.	Maintain 0%.	✓

➔ Read more on our SBTi targets on page 50.

Social

Issue	Metric	Target	Assessment of progress
Animal welfare	Ranking among retailers, with highest number of species within M&S Food product range adhering to RSPCA Assured certification.	Maintain #1 position.	✓
People	Senior leaders who are female.	50% by 2025/26.	✓
Community	Funds raised for YoungMinds.	£5m by 2026/27 from 2023/24.	✓

* Limited assurance provided by Deloitte.

** This data is subject to a discrete assurance process linked to our financing and is scheduled to be published in autumn 2025; see page 163.

✗ Target missed
– Behind
✓ On track or achieved



TCFD

This section outlines how M&S has complied with the requirements of UKLR 6.6.6R (8) by including climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures. Our disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

TCFD disclosures index

TCFD pillars	TCFD recommendation	Consistency status	Reference
Governance	A) Describe the board's oversight of climate-related risks and opportunities.	✓	➔ Read more on page 39-40.
	B) Describe management's role in assessing and managing climate-related risks and opportunities.	✓	➔ Read more on page 39-40.
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the near, medium, and long term.	✓	➔ Read more on pages 41-46.
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	✓	➔ Read more on page 42-46.
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	✓	➔ Read more on pages 46-48.
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks.	✓	➔ Read more on page 41.
	B) Describe the organisation's processes for managing climate-related risks.	✓	➔ Read more on pages 52-53 in Risk Management.
	C) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	✓	➔ Read more on page 41.
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.	✓	➔ Read more on page 48.
	B) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	✓	➔ Read more on pages 48-49.
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	✓	➔ Read more on page 50. ➔ Read more in our ESG Report.



Consistent



Partially consistent

Last year, M&S highlighted the focus areas for the 2024/25 year; progress against these is outlined below.

2024/25 action

Progress update

Re-submit our targets to the Science Based Target Initiative (SBTi)

Following updated guidance from the SBTi for businesses with FLAG emissions (stemming from Forestry, Land or Agriculture), we have updated our Scope 3 targets this year. The Scope 3 base year has also been updated to reflect better data. These updated targets are used throughout this disclosure.

Work towards plan for transition in line with TPT¹ guidance

An internal transition plan has been drafted in line with the TPT guidance. Key elements of this plan are included within this TCFD Report, particularly in Strategy B.

1 Transition Plan Taskforce: <https://transitiontaskforce.net/>

TCFD CONTINUED

Governance

Board's oversight of climate-related risks and opportunities (TCFD governance A)

The Board holds ultimate accountability for risk management and our ESG framework. This encompasses the climate-related risks and opportunities that affect our operations including physical and transitional climate risks. The Audit & Risk Committee is tasked with overseeing these risks, conducting biannual reviews of principal risks, including those associated with climate change and environmental stewardship.

Key elements of our risk management and ESG framework include:

- The Board establishes the risk appetite for essential business areas, incorporating ESG considerations.
- The Audit & Risk Committee receives biannual updates from the leadership team responsible for ESG oversight, including performance metrics that align with our risk appetite.
- The ESG Committee plays a crucial role in managing ESG matters. This Committee convenes at least quarterly and is responsible for:
 - Ensuring alignment between the Company's ESG purpose, business strategy and customer proposition.
 - Assessing the effectiveness of our ESG strategy and governance, including climate-related issues.
 - Monitoring progress against established targets through quarterly ESG reports.
 - Overseeing risk mitigation activities related to climate risks.
 - Supporting the overall risk management framework by reviewing ESG-related risks and providing recommendations to the Audit & Risk Committee.

All members of the ESG and Audit & Risk Committees are Non-Executive Directors, ensuring an independent perspective on our climate-related governance.

For a detailed overview of our risk management processes and governance please see pages 52 to 53. More information about the Audit & Risk Committee's responsibilities can be found in the governance structure on page 40.

Management's role in assessing and managing climate-related risks and opportunities (TCFD governance B)

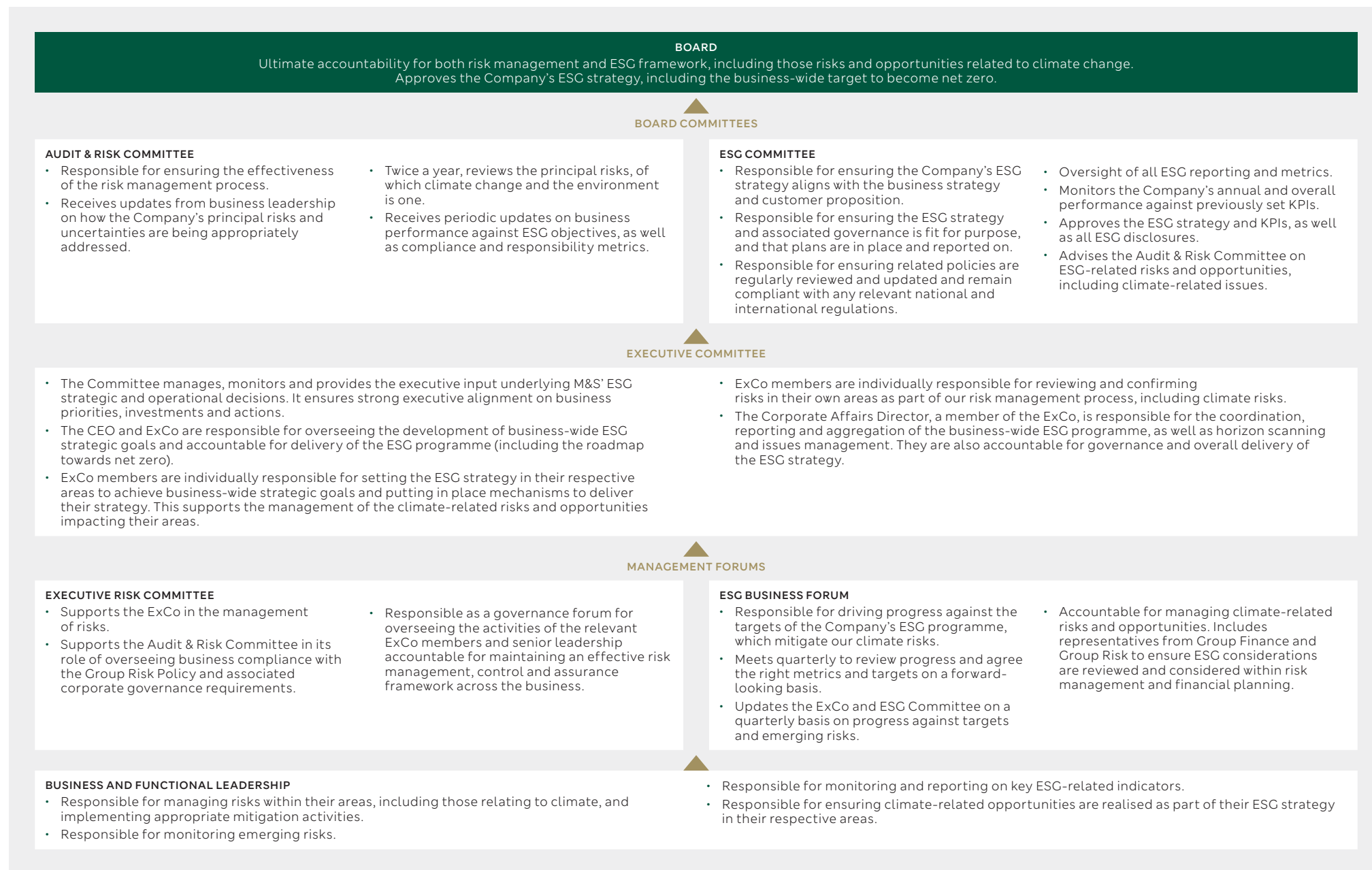
As detailed in our risk management process (see pages 52-53), climate risks, including emerging areas, are integrated into each business and functional risk review. Business units assess the capital expenditure needed for projects that address near term climate-related risks during the annual budgeting process.

- Executive Committee (ExCo) members are responsible for reviewing and confirming risks in their areas, as well as evaluating the Group's principal risks and uncertainties at the half year and year end. This ensures that significant risks are effectively monitored and managed throughout the year.
- The Executive Risk Committee, comprising a subset of ExCo members, has also been established to support with oversight of ongoing risk and control, identify potential emerging issues and monitor overall adherence to expected standards.
- The ESG Business Forum, chaired by the Corporate Affairs Director, includes business leaders accountable for ESG issues. The Forum manages climate-related risks and opportunities, driving progress against our ESG targets. Key updates on ESG trends, including climate change, are shared with the Forum by the Corporate Affairs team. The Forum meets quarterly, with summaries shared with both the ExCo and the ESG Committee (see governance structure on page 40 for details).



TCFD CONTINUED

Governance structure



Risk management

M&S' process for identifying, assessing and managing climate risk, and how this is integrated into overall risk management (TCFD risk management A, B and C)

The identification, assessment, and management of climate-related risks are integrated into our overall Group risk management process. Climate risks are evaluated using consistent criteria applied across all risks. A detailed description of our risk management framework can be found on pages 52 to 53.

In this process, each accountable business and function assesses the potential consequences of climate risks, referencing the TCFD Guidance Tables A1.1 and A1.2. Specifically, they:

- Analyse the impact of current and emerging climate-related issues on their strategies, both in the near-term and long-term.
- Leverage stakeholder insights to gauge the size and scope of climate risks in alignment with our Group risk assessment criteria.
- Prioritise risks based on materiality and time horizon.
- Evaluate the effectiveness of existing mitigating controls.
- Designate a risk owner for each identified risk.
- Engage relevant leadership teams for further insight and accountability.

The output of this is then reported onto a central system to collate each business function's core risks, mitigating controls and actions, which includes climate risks. The detail on specific climate risks is in Table 1 which can be found on pages 42 to 44.

At the Group level, the ESG Business Forum provides oversight by consolidating insights on various risks and promoting transparency regarding progress against our priorities.

Before our half year risk review, the Forum conducted a dedicated session focused on ESG risks. Following each meeting, the ExCo receives updates to ensure informed decision-making and alignment with our strategic objectives.

At the Board level, governance of this process is overseen by the ESG and Audit & Risk Committees. Climate change and the environment remain a principal risk for the business, as detailed on page 58.

Strategy

Identified climate-related risks and opportunities (TCFD strategy A)

We continue to monitor our climate-related risks and opportunities. We consider both physical and transition risks and opportunities and how we manage these over the near, medium and long term. The following definitions of these time horizons were used for the purposes of identifying and managing climate risks and opportunities. They were informed by the Paris Agreement, which influences global policy responses, the UNFCCC data on physical risks and our own Company's science-based targets.

Time horizons

● Near	<3 years	Aligned to our risk management and financial planning processes.
● Medium	3-10 years	Captures transition risks and opportunities, linked to both our near term science-based targets and the emerging risks included in our risk management disclosure.
● Long	10+ years	Captures physical risks and opportunities over the long-term. Linked to our long term net zero goals and the emerging risks included in our risk management disclosure.

The business determines the severity of a risk by considering two factors: the likelihood of the risk materialising in a given timeframe and the potential impact(s) such as financial, reputational, operational or regulatory. A combination of these two factors provides an overall risk severity score of either 'minor', 'moderate', 'major' or 'critical' which helps us to determine the materiality of a risk.

Processes used to determine which risks and opportunities could have a material financial impact on the organisation

As part of the risk management process, we biannually review climate risks and opportunities over the near, medium and long term to consider any key changes and additions, and ensure relevance.

Group risk assessment criteria

Almost certain	4				
Likely	3				
Possible	2				
Unlikely	1				
		1	2	3	4
		Minor	Moderate	Major	Critical

A summary of climate-related risks and opportunities in line with TCFD Guidance Table A1.1 and A1.2 can be found in Table 1. Given the relevancy to the organisation, M&S splits risks by sector, aligned to the P&L, rather than geography.














Q Quantified	N Near term (<3 years)
I Immaterial	M Medium term (3-10 years)
N No meaningful quantification	L Long term (>10 years)

Strategy continued

Impact of climate-related risks and opportunities on our businesses, strategy, and financial planning (TCFD strategy B)





In addition to summarising the risks and opportunities identified in Strategy A), Table 1 outlines the business response. Relevant targets and metrics are mapped to the impact areas to highlight how resilience is built into the business strategy.

Table 1: Business-wide risk and opportunity summary

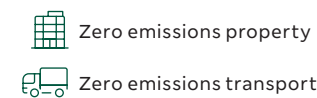
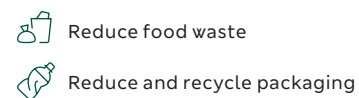
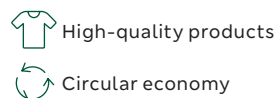
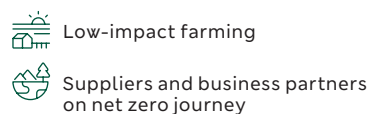
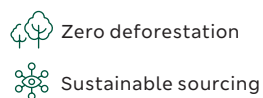
Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
1 Current and new environmental compliance including legislation and tax Transition risk: Policy and legislation	Group wide/ Agriculture/ Food/Fashion, Home & Beauty/ Property/Fleet	N M L	Q Increase in operating costs to manage environmental compliance such as carbon tax. <i>Summary of relevant quantitative scenario analysis which looked at the impact across different sectors (Food, Fashion, Home & Beauty and Property) can be found in Strategy C).</i> Increase in capital expenditure required to address emissions areas in M&S owned assets such as refrigeration, energy consumption and diesel fleet. <i>Capital expenditure on LED lighting, store controls upgrades, voltage optimisation, fridge doors, electric vehicles and other areas are included within the Group's budget and three year plan which have been used to support impairment reviews found in page 159 of the financial statements.</i>	Group <ul style="list-style-type: none"> Working towards the 2029/30 science-based targets, which guides the business setting process for relevant ESG targets as part of the business transformation. Supply chain <ul style="list-style-type: none"> Built net zero as a consideration into the sourcing strategy for Food and Fashion, Home & Beauty. Identified the suppliers with the greatest impact on emissions in the supply chain as a key focus for engagement and measured impact through Higg Index and Manufacture 2030. Our operations <ul style="list-style-type: none"> Capital investment through proactive asset replacement which is integrated into the three-year financial plan to phase out our F-gas refrigeration systems. New store specifications include being 100% electric, with full LED lighting in Foodhalls. 	         	<ul style="list-style-type: none"> 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year. Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets.
2 Ability to keep pace with customer trends and behaviours as we see an increase in consumer preferences towards more sustainable product choices Transition risk: Market and reputation Opportunity: Products and services	Food/Fashion, Home & Beauty	N M	N Revenue opportunity from climate conscious customers who want to choose low-carbon products. Revenue loss if we don't keep pace with customer trends and develop suitable low-carbon product offerings. <i>Whilst we have considered quantifying this risk, we're not disclosing a financial impact as there's no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Our products <ul style="list-style-type: none"> Quarterly review of shoppers' sustainability preferences and perceptions through our Brand Reputation Tracker. Ongoing investment in innovation and new product and proposition development to ensure we develop suitable low-carbon products to maximise customer preferences. In Food, we continue to maintain at least 50% of food sales from fruit and vegetables, vegetarian and vegan products. In Fashion, Home & Beauty, we continue to focus on alternative raw materials and explore circular solutions for customers; however, this has been identified as a medium-term opportunity and therefore not currently built in revenue. 	  	<ul style="list-style-type: none"> 100% of cotton used in Fashion, Home & Beauty (FH&B) products from more sustainable sources by 2025/26 (% of all cotton used). 100% of polyester used in FH&B products from more sustainable sources by 2025/26 (% of all polyester used). 100% of MMCF used in FH&B products from more sustainable sources by 2025/26 (% of all MMCF used).

² More information on specific programmes can be found in our ESG Report.

TCFD CONTINUED

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
3 Availability of low carbon technological solutions and infrastructure to support low carbon activities for example low and zero carbon fleet options Transition risk: Technology	Group wide/ Property/Fleet	M	Q Increase in capital and operational expenditure required to source the necessary low-carbon technology and infrastructure to achieve our net zero goals. Potential impact of £30-40m if not mitigated.	Group <ul style="list-style-type: none"> Developing the roadmap to achieve science aligned 2029/30 target, and focusing on proactively managing the need for new low-carbon technological solutions and infrastructure to support our journey to net zero. Our operations <ul style="list-style-type: none"> Trialling a new Air Source Heat Pump in store to achieve full heat decarbonisation. Running c. 80 bio-compressed natural gas (bio-CNG) vehicles and 5 battery electric HGVs as part of our Food and Fashion, Home & Beauty fleet. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
4 Energy efficiency and resilience in our operations and supply chain Transition risk: Market Opportunity: Resource efficiency and energy source	Group wide/ Property/ Food/Fashion, Home & Beauty	M	Q Increased cost in our supply chain caused by rising energy costs if energy efficiency or greener solutions are put in place. Potential impact of £nil-£10m if not mitigated. Reduction in operational costs if energy consumption is effectively managed. Opportunity to reduce reliance of grid electricity by facilitating on-site renewable energy generation.	Supply chain <ul style="list-style-type: none"> Working with suppliers to reduce energy consumption and move to renewable energy. Examples include our participation in the Carbon Leadership Programme and our six key asks from Food suppliers. Our operations <ul style="list-style-type: none"> Continuing to integrate energy efficiency measures such as doors on fridges and trial solutions such as Jet Seal. This is an airflow management system designed to reduce cold air escape from fridge cases, to lower energy consumption. 	  	<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
5 Failure to meet our public climate change commitments Transition risk: Reputation	Group wide	M L	N Reputational impact of failure to meet our net zero targets leads to lower sales and makes it harder to attract and retain customers and colleagues. <i>Whilst we have considered quantifying this risk, we're not disclosing a financial impact as there's no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Group <ul style="list-style-type: none"> Net zero goal has been incorporated into the strategic pillars of our business transformation with a set of clear metrics for accountable business owners. Quarterly updates on our climate targets at our ESG Business Forum, which then feeds into updates to the ExCo and ESG Committee. See page 40 for more information on our governance structure. Continue supporting innovation with suppliers and partners on reducing emissions through the Plan A Accelerator Fund. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.

² More information on specific programmes can be found in our ESG Report.








Q Quantified
I Immaterial
N No meaningful quantification

N Near term (<3 years)
M Medium term (3-10 years)
L Long term (>10 years)

Strategy continued

Table 1: Business-wide risk and opportunity summary continued

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
6 Reliance on third parties, local Government and broader infrastructure to achieve our mitigation actions Transition risk: Market Opportunity: Policy	Group wide	M L	N Increase capital and operational expenditure required to meet our net zero goals, e.g. increased cost in renewable energy procurement if grid decarbonisation is not delivered. <i>Whilst we have considered quantifying this risk, we are not disclosing a financial impact as there is no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Group <ul style="list-style-type: none"> Collaborate closely with the industry to ensure we are working towards the same goals such as the Business Retail Consortium (BRC) and (Institute of Grocery Distribution (IGD). Proactively engage with Government to ensure that broader policy and infrastructure will support the retail industry on decarbonisation. 		
7 Failure to meet the requirements of our franchise partners based on the impact of climate change on our supply chain Transition risk: Reputation Physical risk: Acute and chronic	International	M	N Reputational impact due to failure to meet the requirements of our partners. Loss of revenue from not being able to provide necessary stock to partners. <i>Whilst we have considered quantifying this risk, we are not disclosing a financial impact as there is no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Our operations <ul style="list-style-type: none"> Apply learnings from both the invasion in Ukraine and the Red Sea disruption as to how the business is able to adapt the supply chain to ensure we are able to meet partner requirements, irrespective of the cause of the disruption. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance -see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
8 Volatility in the supply of raw materials caused by the impact of climate change Physical risk: Acute and chronic	Agriculture/Food/Fashion, Home & Beauty	N M L	I Increase in sourcing costs based on supply chain disruption caused by increased likelihood of extreme weather. Summary of relevant quantitative scenario analysis can be found in Strategy C. Loss of revenue if we are not able to source specific products due to the impact of physical climate risks.	Our products <ul style="list-style-type: none"> Starting to track financial impact of climate change on fresh produce to identify hotspots and the impact on business. Strengthened our focus on supporting producers as they transition to net zero. Putting a greater emphasis on resilience in our standards and partnerships, such as Fairtrade. Increased focus on regenerative agriculture, through our Farming with Nature programme and work with Better Cotton. 	  	<ul style="list-style-type: none"> Maintain 100% Fairtrade certified tea and coffee (% of all M&S tea and coffee products). 100% of cotton used in FH&B products from more sustainable sources by 25/26 (% of all cotton used).
9 Managing infrastructure and operations (both owned and supply chain) in extreme weather Physical risk: Acute	Group wide/Property/Fleet	N M L	I Loss of revenue from increased likelihood of extreme weather events (e.g., flooding or extreme temperatures) leading to closures of shops, distribution centres and key transport hubs. Summary of relevant quantitative scenario analysis can be found in Strategy C.	Our operations <ul style="list-style-type: none"> To support with the management of extreme weather events in stores, distribution centres and key transport hubs such as Chittagong port, Bangladesh, we have robust business continuity procedures in place. 	 	

² More information on specific programmes can be found in our ESG Report.

TCFD CONTINUED

How climate-related issues serve as an input to our financial planning process

We continue to utilise the financial model for the business' carbon reduction initiatives that was developed in 2023/24. By doing so, spend associated with certain projects linked to climate-related risks and opportunities is incorporated into the 2025/26 budget and three-year financial planning process, both approved by the Board. We have done so by including the capital expenditure required to manage the impact of our climate-related risks in our operations and the profit impact from climate-linked products and services, for example, capital investment in the store estate to improve energy efficiency. This financial planning process forms the cash flow projections within our going concern and impairment assessments (see page 159 for more details).

Transition planning

This year, we have updated Scope 3 science-based targets in line with new guidance from the SBTi for businesses with FLAG emissions.

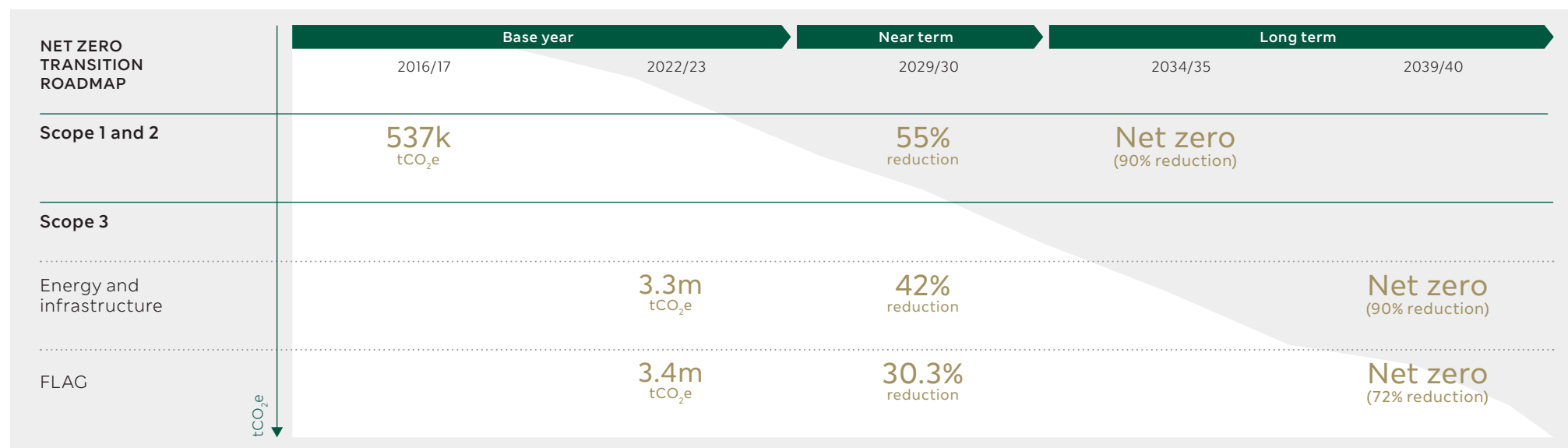
FLAG emissions refer to emissions related to Forests, Land, and Agriculture, while non-FLAG emissions (also called Energy and Industry emissions) encompass all other fossil-based emissions from a company. We are required to break down the Scope 3 target: a FLAG target for land-based emissions and a non-FLAG target for emissions from Energy and Industry sectors. Scope 1 and 2 targets remain the same.

Over the past few years we have sought to improve the accuracy and specificity of our Scope 3 emissions through better representation of our business model, industry specific data and increasing supplier level data. Therefore, in addition to updating targets in line with the FLAG guidance, we have also taken the opportunity to update the base year from 2016/17 to 2022/23 for these targets to reflect this change. We acknowledge that our new Scope 3 base year number has evolved from previously reported figures, primarily due to a transition in our reporting methodology moving from category level to product specific data in our Food business, and an expansion in the scope of our goods not for resale inventory.

Due to these changes, we will no longer be reporting against the 2025/26 1.9m tonne reduction target. The next reporting milestone for the business' total Group emissions will be against the updated near term 2029/30 targets.

Importantly, these updated targets do not change the overall ambition to transition to net zero by 2040 across our value chain, an ambition still underpinned by the business' Net Zero Transition Roadmap. The 2034/35 and 2039/40 long-term emissions reduction targets are aligned to climate science and the SBTi net-zero standard, and to achieve net zero any residual emissions will have to be permanently neutralised. Once the emission reductions outlined have been achieved, carbon removals will be used to neutralise these residual emissions. By focusing first on reducing emissions and then on removals, we're taking a comprehensive approach to reaching net zero.

➔ More information on our performance against our Net Zero Transition Roadmap can be found in our ESG Report.

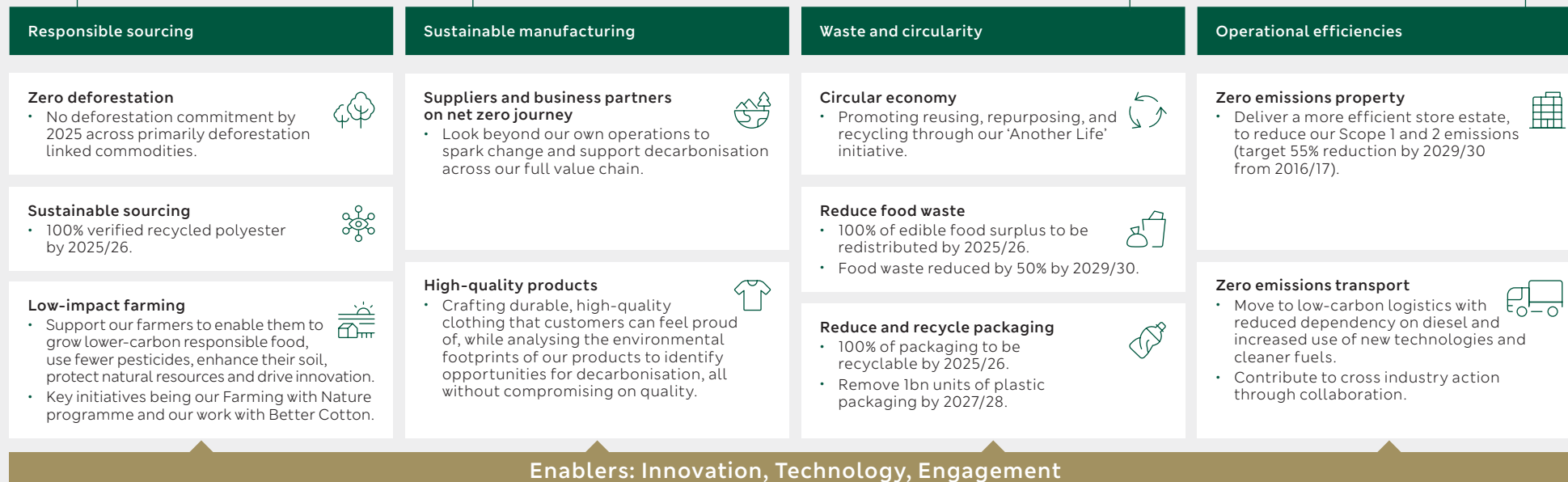


TCFD CONTINUED

10 IMMEDIATE PRIORITY AREAS FOR TRANSFORMATION

Our primary focus is on decarbonisation and in 2021 we identified 10 priority areas to enable our Net Zero Transition Roadmap. These continue to be our focus and, to help drive the change we have three enablers that support their delivery.

PRIORITY AREAS



The resilience of our strategy, taking into consideration different climate-related scenarios (TCFD strategy C)

Quantitative scenario analysis

Quantitative scenario analysis is a valuable tool to help understand the potential impact of risks and opportunities identified by the business. As there have been no significant changes to both the business and climate risks and opportunities, we have updated scenario analysis on four areas of the business previously analysed: Property, Fleet, Protein and Cotton.

These areas were selected following a materiality assessment which considered the potential climate-related impact and the impact on financial performance to M&S, whilst ensuring fair and balanced reporting across the accountable businesses. The analysis looked at the impact of two plausible future states. We chose to use a low-carbon transition scenario (average global temperature increases of 1.5°C due to climate change by 2100) and a physical climate impact scenario (average global temperature increases of 4°C due to climate change by 2100). These scenarios were chosen to show the impact of both a high level of transition risk (1.5°C pathway), assuming the implementation of a carbon tax, and physical risk (4°C pathway), assuming low levels of Government intervention leading to more frequent and impactful weather events.

Consistent with previous years, the results of the scenario analysis are included in Table 2. The financial impact criteria has been aligned to the Group risk assessment criteria as follows:

Financial impact

Minor	<1% on sale and PBT
Moderate	1-3% impact on sales 1-5% impact on PBT
Major	3-5% impact on sales 5-10% impact on PBT
Critical	>5% impact on sales >10% impact on PBT

Table 2: Quantitative scenario analysis summary

Area	Scope	Risk/opportunity category (as identified in Table 1)	Risk modelled	Impact of climate risk on our organisation's financial performance in 2030, assuming no mitigation actions	Quantification of impact	Targets in place to manage these risks
Property	UK property estate (including Gist properties)	Current and new environmental compliance including legislation and tax.	Carbon tax on Scope 1 and 2 emissions	Potential operating profit impact of £20m to £30m	C	55% reduction in absolute Scope 1 and 2 emissions by 2030 from 2016/17 base year.
		Managing infrastructure and operations (both owned and supply chain) in extreme weather.	Flood risk	Immaterial	D	N/A
Fleet	UK fleet (including Gist)	Current and new environmental compliance including legislation and tax.	Carbon tax on Scope 1 and 2 emissions	Potential operating profit impact of £15m to £25m	C	55% reduction in absolute Scope 1 and 2 emissions by 2030 from 2016/17 base year.
Protein	UK and Ireland sourced beef, lamb, pork, chicken and turkey products	Current and new environmental compliance including legislation and tax.	Carbon tax on agricultural emissions (to the farm gate)	Potential operating profit impact of £35m to £50m	B C	Updated Scope 3 target based on SBTi FLAG guidance – see page 50 for specific targets.
		Volatility in the supply of raw materials caused by the impact of climate change.	Extreme weather events and chronic climate change impact on agricultural production	Immaterial	D	N/A
Cotton	Globally sourced raw material used in our clothing	Current and new environmental compliance including legislation and tax.	Carbon tax on agricultural (seed to farm gate) and manufacturing (all steps in cotton production) emissions	Potential operating profit impact of £45m to £60m	B	Updated Scope 3 target based on SBTi FLAG guidance – see page 50 for specific targets. 100% of cotton used in Fashion, Home & Beauty (FH&B) products from more sustainable sources by 2025/26 (% of all cotton used).
		Volatility in the supply of raw materials caused by the impact of climate change.	Extreme weather events and chronic climate change impact on agricultural production	Immaterial	D	N/A

Strategy continued

The resilience of our strategy, taking into consideration different climate-related scenarios (TCFD strategy C) continued

Business resilience

The scenario analysis identified that the transition risk associated with the introduction of a carbon tax in 2030 remains a material risk, with a potential operating profit impact across Property, Fleet, Protein and Cotton of between £115m and £165m assuming no mitigation. This risk highlights the need for continued effort to work towards our 2029/30 emissions reduction targets, with a focus on emissions in our value chain, which make up 95% of total emissions.

Through the work to identify emission reduction initiatives across the business and the projected cost, we have an understanding of the financial impact of meeting the emissions reduction targets and have accounted for this in the three-year plan. Moreover, even if there were to be significant issues that meant we were unable to deliver on the mitigations, given the health of the balance sheet, we would be able to absorb the impact of the carbon tax calculated in Table 2.

To support the requirement for greater collaboration, research and development, the 'Plan A Accelerator Fund' provided funding to 10 projects in 2024/25, that have the potential to reduce emissions in our supply chain. These actions will play a role in strengthening the resilience of the organisation's strategy to the climate-related risks and opportunities identified in the near term. More information on the projects can be found in our ESG Report.

While the physical risks identified in the scenario analysis are quantified as immaterial, we are aware fresh produce supply is especially vulnerable to unpredictable weather patterns and extreme weather events. In the Food business work has continued to identify root causation, vulnerable hotspots and the impact on the business when we have to use contingency sourcing, to ensure we can identify if physical climate risk is an emerging material risk. This year, we have implemented a system update to better capture this data so that moving forward we can review trends in financial reporting.

Metrics and targets

Metrics used to assess climate-related risks and opportunities (TCFD metrics and targets A)

Within the 10 priority areas that enable our Net Zero Transition Roadmap, highlighted on page 46, are related targets and metrics. More details on performance against these targets can be found in our ESG Report. All related ESG metrics and targets linked to our climate-related risks and opportunities are also highlighted in our Strategy section in Table 1. While we consider other climate-related metrics and targets, our focus remains on our GHG emissions metrics, which feed into the near and long-term emissions reduction targets that are aligned to the UN ambition to limit global warming to 1.5°C.

An internal price of carbon per tonne has been calculated, based on in-flight emissions reduction initiatives. This gives an indication of the potential cost of future emissions reduction initiatives to achieve the targets. Looking ahead, a mechanism for embedding a carbon price into investment appraisal across the business will be explored.

The Remuneration Committee's view remains the same regarding the inclusion of ESG-related measures in the Performance Share Plan (PSP). As ESG and climate commitments are embedded in our business operations, they are already reflected in the achievement of our existing bank of PSP strategic measures, so the Committee agreed that inclusion of a separate ESG measure would not further our Plan A ambition. This will remain under consideration in future years.

Scope 1, 2 and 3 greenhouse gas emissions (TCFD metrics and targets B)

Scope 1 and 2

Scope 1 and 2 carbon emissions, reported in line with the Greenhouse Gas (GHG) Protocol, result mainly from operating our logistics fleet and powering stores, offices and warehouses. The table on page 49 outlines the 2024/25 Scope 1 and 2 emissions, reported in line with the Streamlined Energy and Carbon Reporting requirements. Across the business, we capture the data and calculate these emissions on technology platform Sphera, and this data has limited assurance by Deloitte. This year, we are reporting no change in our Scope 1 and 2 emissions. More information can be found in our ESG Report.

Scope 3

This year, we updated the business' carbon inventory as part of the resubmission of our science-based targets to the SBTi. The improved inventory continues to evolve with a greater amount of supplier-specific data within the most material Scope 3 category, Purchased goods and services. We have also moved to a different data reporting methodology for our Food footprint, focusing on product carbon footprints.

We have continued collaborations with the following industry partners to measure our product footprint and access more supplier data so we can have a better understanding of the emissions hotspots:

- **Higg Index** – a suite of tools that provides a standard measurement of supply chain sustainability across Fashion and Home.
- **Manufacture 2030** – a cross-industry platform for Tier 1 Food supplier partners, to share site-specific environmental data with grocery retail partners. This helps to reduce the reporting burden and prioritise where action should be taken to reduce emissions.
- **Mondra** – a data insights platform for calculating product carbon footprinting that uses M&S recipe information and secondary emissions data.

TCFD CONTINUED

Data from Mondra has fed into Food 2023/24 Scope 3 emissions. With Fashion, Home & Beauty, we have worked with third party, South Pole, to update the inventory for 2023/24, utilising data from the Higg Index.

The chart to the right discloses the updated 2023/24 Scope 3 emissions data, which has been calculated in line with the GHG Protocol. To report more accurate Scope 3 emissions and be able to bring in supplier-specific data, we continue to report a year in arrears.

This year, we are reporting an increase in Scope 3 emissions of 0.4m tCO₂e, compared to our Scope 3 2022/23 base year. This increase has come from volume growth in our Food business and an expansion in the scope of our goods not for resale inventory. Through our process of SBTi revalidation, we have accounted for growth in our plans to achieve our targets and are confident in the programmes we have in place. More information can be found on page 50 (TCFD Metrics and Targets C).

➔ More detail on this can be found in our ESG Report.

Streamlined Energy and Carbon Reporting

Energy consumption (GWh)

	2024/25	2023/24 [^]	% change
UK Operations	1,362	1,382	-1%
International Operations	78	78	0%
Group	1,440	1,460	-1%

[^] Performance for last year has been re-stated to reflect data accuracy improvements.

Energy efficiency initiatives

- Removed natural gas from our standardised specification replacing it with fully electric heating and have implemented this in four stores.
- Continued to introduce fridge doors which can provide an energy saving of up to 30%. These are now in place in 59 stores.
- Transitioning the logistics fleet to lower-emission alternatives. This year a further 85 lower-emission vehicles have been introduced – a combination of compressed natural gas (bio-CNG) and battery electric vehicles.
- Optimised the efficiency of the Fashion, Home & Beauty logistics fleet by increasing the number of double deck trailers operating in the network by a further 44, introducing aerodynamic air deflectors to new bio-CNG vehicles and moving containers inbound from port to distribution centres via rail.

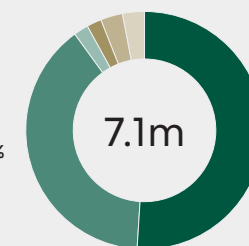
Greenhouse gas emissions (000 tonnes CO₂e)

	2024/25	2023/24 [^]	% change
Scope 1 emissions	210	206	2%
of which UK	207	203	2%
Scope 2 emissions (location based)	151	155	-3%
of which UK	116	120	-4%
Total location-based Scope 1 and 2 emissions	361	362	0%
of which UK	322	323	0%
GHG intensity per 1,000 sq ft of sales floor	19	18	4%
Scope 2 emissions (market based)	175	234	-25%
Total market-based Scope 1 and 2 emissions	385	440	-12%
of which UK	351	407	-14%

[^] Performance for last year has been re-stated to reflect data accuracy and methodology improvements.

SCOPE 3 EMISSIONS 2023/24 (tCO₂e)

- Purchased goods & services – FLAG (Category 1) **51%**
- Purchased goods & services – E&I (Category 1) **39%**
- Capital goods (Category 2) **2%**
- Fuel and energy related activities (Category 3) **2%**
- Upstream transportation and distribution (Category 4) **3%**
- Other categories **3%**



TCFD CONTINUED

Targets used to manage climate-related risks and opportunities (TCFD metrics and targets C)

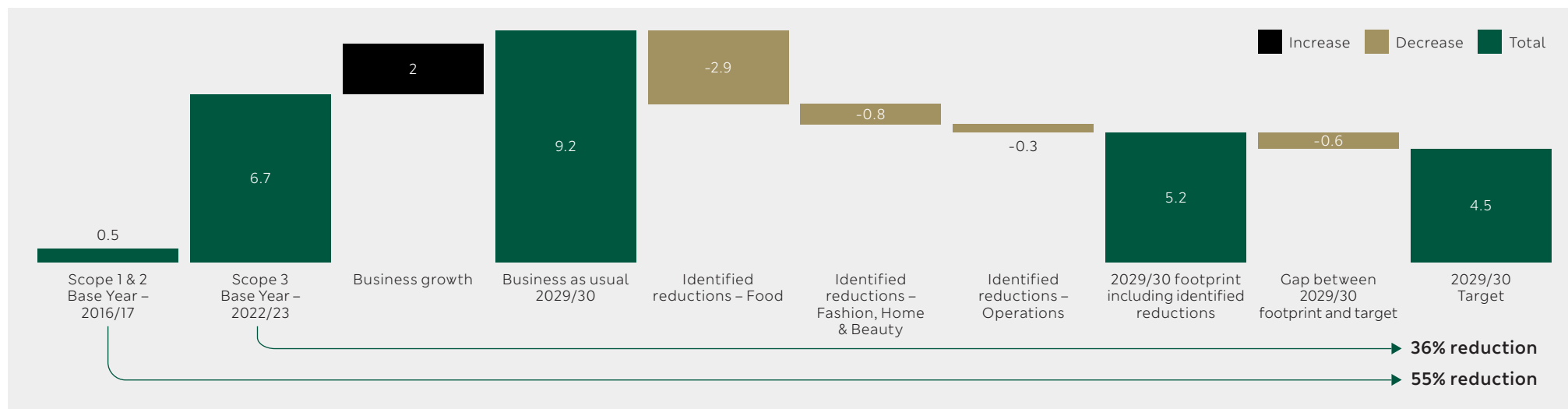
In 2022, the SBTi approved the business' near term science-based targets. However, since then the data and regulatory landscape has significantly evolved, including updated guidance for emissions linked to Forest, Land and Agriculture (FLAG). It has therefore been necessary for us to review and update these targets in accordance with the new guidance.

The Scope 3 emissions reduction targets are now updated to consider FLAG guidance, as well as an updated base year. This means we now have Scope 3 targets separated out to cover our FLAG and Energy and Industry (E&I) related GHG emissions. Scope 1 and 2 targets remain unchanged.

These near and long-term science-based emissions reduction targets have been approved with the SBTi. The SBTi has verified our net zero science-based target by 2040.

Emissions reduction pathway (mtCO₂e)

We have line of sight to 86% reduction. Our priority areas as outlined on page 46 inform our emissions reduction pathway to our 2029/30 target.



Overall net zero target

- M&S commits to reach net zero greenhouse gas emissions across the value chain by FY2040.

Near-term targets

- Energy & Industry: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 55% by FY2030 from a FY2017 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 42% by FY2030 from a FY2023 base year.*
- FLAG: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 30.3% by FY2030 from a FY2023 base year.**

- M&S commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025.

Long-term targets

- Energy & Industry: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 90% by FY2035 from a FY2017 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 90% by FY2040 from a FY2023 base year.*
- FLAG: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 72% by FY2040 from a FY2023 base year.**

Given the change of our base year to 2022/23, we have streamlined our near term targets, focusing on the approved near term targets (2029/30). As part of the revalidation process, we have updated the glidepath to meet these near term targets and have identified 86% of the reductions required. We will continue to identify work required to meet the gap.

Our ESG Report outlines all of the targets used to manage our ESG performance, including those relevant to managing the business' climate-related risks and opportunities.

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

**The target includes FLAG emissions and removals.



NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The table below identifies where information can be found on our commitment to, and management of, colleagues, communities, the environment, human rights, and anti-bribery and corruption in the last 12 months as required by Sections 414CA and 414CB of the Companies Act 2006.

- Policies on these matters can be found at corporate.marksandspencer.com.
- Our business model can be found on page 8.
- Non-financial key performance indicators can be found on pages 2, 14, 16, 35 and 37.

Reporting requirement	Policies, documents and reports which outline our approach	More information and outcomes	Page numbers
Colleagues	Code of Conduct Inclusion, Diversity & Equal Opportunities Policy People Principles	Stakeholder Engagement People and Culture Board and Senior Management Diversity S.172 Statement Nomination Committee Report	9 to 11 32 to 35 61 68 to 70 72 to 73
Environmental matters	Climate and Energy Policy Food Waste Policy Product Packaging Policy	TCFD Report S.172 Statement ESG Report 2025	38 to 50 68 to 70
Communities and social matters	Charity Partnership and Fundraising Policy Trading Standards and Consumer Protection Policy Food & Product Safety and Integrity Policy Farm Animal Health & Welfare Policy Responsible Marketing Principles Laws that Protect Grocery Suppliers (GSCOP) Policy Supply Chain and Responsible Sourcing Policy	Stakeholder Engagement ESG Committee Report ESG Report 2025 Grocery Supply Code of Practice (GSCOP) Compliance Report	9 to 11 74 to 75
Human rights	Modern Slavery Statement Human Rights Policy Code of Conduct M&S Global Sourcing Principles Child Labour Procedure M&S Grievance Procedure for Food and Fashion, Home & Beauty Supply Chains	ESG Committee Report ESG Report 2025	74 to 75
Anti-bribery and anti-corruption	Anti-Bribery and Corruption Policy Code of Conduct	Other Disclosures	104 to 109
Principal risks	Group Risk Management Policy	Risk Management Framework Overview of Principal Risks and Uncertainties TCFD Report	52 to 53 54 to 58 38 to 50

RISK MANAGEMENT

STRUCTURED APPROACH TO RISK MANAGEMENT

We continue to maintain a structured approach to risk management, mindful that evolution and refinement are needed to adapt to an ever-changing environment.

Our risk management process allows the business to maintain an appropriate risk culture that supports business operations and assists the Board in complying with its obligations under the Corporate Governance Code.

Our framework

The Audit & Risk Committee, under delegated authority from the Board, is accountable for overseeing the effectiveness of risk management. This includes identification of the principal risks facing M&S, monitoring compliance with the Risk Management Policy and periodically reviewing risk appetite.

The Executive Risk Committee, comprising a subset of Executive Committee members, has also been established to support with oversight of ongoing risk and control, identify potential emerging issues and monitor overall adherence to expected standards.

Core risk management accountabilities remain aligned to the M&S operating model, with each business and function responsible for the identification, tracking and management of specific risks. These include a wide variety of changes and uncertainties that may impact our business, colleagues, customers and third-parties.

In addition, where appropriate, cross-business risk management is supported by specific committees and similar oversight forums, including safety, ESG, cyber-security and data privacy.

These activities are facilitated by the Group Risk team, part of the broader Internal Audit & Risk function, who work with the accountable business leadership teams to monitor how we identify key risks and maintain appropriate standards of control.

Our top-down and bottom-up governance approach supports this process which is set out on the following page. Our process is subject to periodic review and challenge with the business and functional leadership teams and the Executive Committee as part of our interim and year-end reporting activities. Following this, the principal risks and uncertainties are submitted to the Audit & Risk Committee for review and agreement prior to being recommended to the Board for approval.

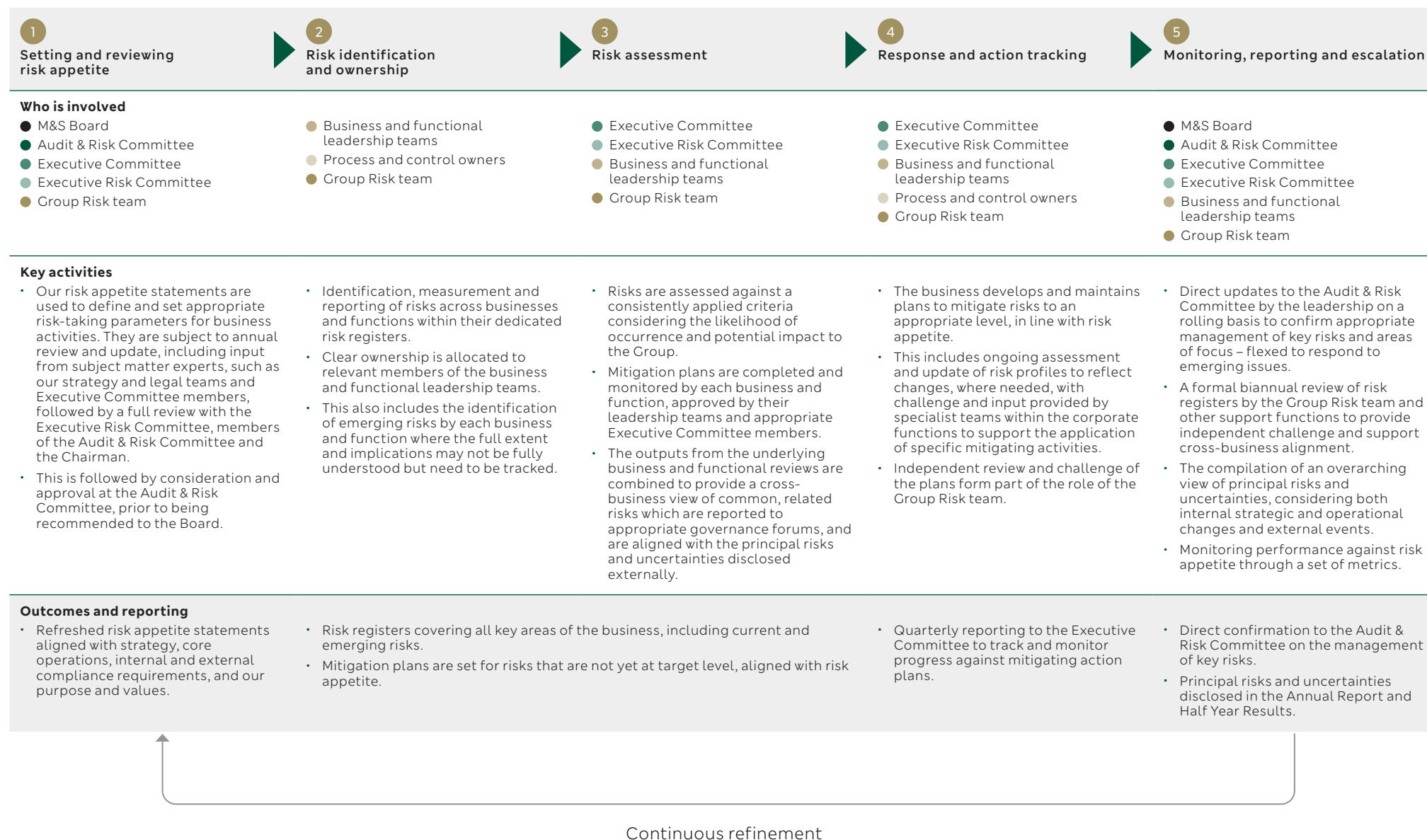
The principal risks and uncertainties also help inform the Group's long-term viability assessment.

M&S risk governance structure



RISK MANAGEMENT CONTINUED

Our risk management process



PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING OUR PRINCIPAL RISKS

Our principal risks and uncertainties have been assessed in accordance with the risk framework and methodology outlined on the previous page.

They also align with our strategic priorities to show where they may impact the achievement of our long-term business objectives. The linkage is shown at the top of each risk on the following pages, which map to the below key.



Risk trajectory:

Stable
 Increasing
 Decreasing
 Evolving

Monitoring our emerging risks

Our risk profile will continue to evolve as a result of future events and uncertainties. At present, emerging risks that we are currently monitoring are intrinsically linked to our principal risks, for example further changes in corporate governance requirements, significant changes in UK policy and regulation, global geo-political issues or environmental matters.

External

An uncertain environment



The business continues to operate in an uncertain environment, impacted by a suite of potentially challenging factors which could individually, or in aggregate, negatively impact our performance.

Some of the factors currently being considered are noted below:

External factors	Risk details
Geo-political environment	<ul style="list-style-type: none"> domestic policy changes and Government intervention; and the consequences of global socio-political tensions and fragility, including cross-border policy changes, growing tensions in bi-lateral international relations and ongoing military conflicts including the Middle East and Ukraine.
Cost pressures	<ul style="list-style-type: none"> changes in the cost of goods; supplier resilience risks as they respond to wage inflation, changes in commodity prices and other input costs; and the impact of climate events on the availability of goods.
Financial markets uncertainty	<ul style="list-style-type: none"> the potential risk of global recession; foreign exchange movements; volatility of the global financial system; and changes in interest rates.
Impact of increased regulation	<ul style="list-style-type: none"> managing the cost and operational impact of increased regulation in areas such as recycling, packaging and healthy eating.
Supply chain disruption	<ul style="list-style-type: none"> disruption to supply of materials and products as a result of geo-political issues, such as tariffs, cyber-related events or conflicts; significant isolated events, such as catastrophic infrastructure failures, that have a knock-on impact at a global level; the consequences of extreme weather events; and the impact of animal disease or other epidemics.
Health, wellbeing and consumer behaviour	<ul style="list-style-type: none"> lifestyle changes in consumer behaviour, including: <ul style="list-style-type: none"> increased demand for healthier foods and activewear; circularity of clothing; and the growth of new disruptors in the market.

Mitigations

- A strong and varied senior leadership team to focus and respond to a wide range of demands.
- Enhanced risk processes such as strengthening the Executive Risk Committee remit.
- Three-year plan, capital allocation and budgeting processes aligned to our strategic objectives which are reviewed and flexed to respond to external uncertainty.
- Formal operating reviews through Business Boards enabling executive oversight and governance.
- Well-established business continuity and incident management processes in place.
- Disciplined focus on consumer trends to align cost, range, trusted value and availability.
- Structured supplier engagement to anticipate and support management of business-critical issues.

Oversight by the **Board and Executive Committee.**

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Strategic

Business transformation

— 1 2 3 4

Ongoing business transformation is dependent on our ability to prioritise capital spend and resources to accelerate and successfully implement the suite of ongoing strategic projects. Delays or deferrals of transformation activity could impact the delivery of our medium and longer term growth ambitions.

Significant change activities that underpin our strategy are noted below:

Strategic pillars	Transformation activities
Build the M&S we need to be	<ul style="list-style-type: none">enhancing our technology infrastructure, underlying systems and digital capabilities.
Drive profitable sales growth	<ul style="list-style-type: none">accelerating the modernisation of our UK store estate.delivering a compelling online and omnichannel experience.
Deliver target operating margins	<ul style="list-style-type: none">modernising our supply chain and logistics operations.transitioning to a simpler and more cost-effective structure.
Create exceptional products	<ul style="list-style-type: none">investing in innovation and protection of intellectual property to continue maintaining brand differentiation and relevance.

While each initiative is individually significant and has its own set of inherent risks, the aggregate impact of simultaneously delivering these challenging projects creates further risks to successful implementation, such as timeliness of delivery, cost management and the achievement of returns.

Mitigations

- Delivery plans are in place with leadership-led governance structures.
- Programme delivery principles applied for core projects, with clear accountabilities and milestones.
- Appropriate skills and capabilities, including external support, sourced for delivering specialist projects.
- Leadership reporting, including benefits tracking in line with spend targets and value outcomes.
- Periodic reporting on key business and functional initiatives to the Board and to the Audit & Risk Committee.
- Business board monitoring and oversight.
- Targeted programme assurance activities.

Oversight by **Executive Committee and, where appropriate, supporting sub-committees.**

Link to our strategic priorities:

- 1

Create exceptional products
- 2

Drive profitable sales growth
- 3

Deliver target operating margins
- 4

Build the M&S we need to be

Risk trajectory:

- Stable
- ↑

Increasing
- ↓

Decreasing
- ▲

Evolving

Disruption

Business resilience

↑ 1 4

A major operational or resilience failure at a key business location, such as one of our distribution centres or sourcing locations, could result in business interruption. More broadly, an inability to effectively respond to large, disruptive external events like extreme weather or infrastructure failures could also impact our performance.

Context

Our business remains exposed to a broad range of externally driven events and economic uncertainties that continue to evolve. This includes:

- a major incident within our supply chain or logistics operations, including our dedicated warehouses and distribution centres in the UK or overseas, or at support facilities;
- disruption at a sourcing location or key suppliers where we have built critical dependency, caused by events such as a natural disaster or civil unrest;
- significant incidents or long-term resilience issues at key third-parties impacting our operations, such as cyber-incidents;
- a major issue impacting one or more of our significant franchise partnerships, either domestically or internationally;
- widespread health events impacting people and/or animals; and
- prolonged industrial action in the UK or abroad.

Mitigations

- An established Business Continuity (BC) framework underpinned by an experienced team and incident management processes.
- Risk-based BC assurance programme and plans that evolve in response to new threats for stores, sourcing offices, warehouses and IT sites.
- Validation of critical supplier BC arrangements.
- Periodic testing of plans for key scenarios, with support from third-parties where needed.
- A digital platform to support the BC governance programme.
- Active engagement with external organisations, such as the Retail BC Association and the National Counter Terrorism Information Exchange.

Oversight by **Business Continuity Committee, Executive Committee and, where appropriate, supporting sub-committees.**

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Disruption continued

Information security

↑14

A significant or wide-reaching data breach or cyber incident, as we have experienced, either directly, at a key investment or third-party, could result in a loss of information and operational disruption impacting our customers, colleagues or the business, and a loss of confidence in M&S. This could adversely impact our reputation, result in legal exposure, and potentially cause business disruption if rapid remediation and reset is not possible.

Context

The sophistication and frequency of cyber incidents continue to increase, highlighting the information security threat to businesses. This continues to be intensified by the threat of cyber incidents linked to current global uncertainties.

The profile of information security and the overall threat landscape for all businesses are changing as a result of:

- using data more extensively;
- introducing new technology and digital solutions;
- hybrid working models; and
- use of cloud-based storage systems.

Our use of third-parties for services and/or hosting data also exposes us to risks from vulnerabilities in their cyber and data controls.

Mitigations

- Information security and data protection policies with mandatory training for colleagues.
- A dedicated information security function, with multi-disciplinary specialists, 24-hour Security Operations Centre and active monitoring of our threat environment, including the use of AI.
- Incident management plans.
- Prioritised investment in response to the overall increase in security events.
- Focused security assurance around critical aspects of our operations model and significant change activities.
- Risk-based cyber-security assurance programme, including assessment of controls in overseas locations and security obligations included in third-party contracts.
- Alignment of fraud risk management activities with information security planning.

Oversight by **Cyber-Security Steering Committee and Data Protection Committee.**

Link to our strategic priorities:

- 1

Create exceptional products
- 2

Drive profitable sales growth
- 3

Deliver target operating margins
- 4

Build the M&S we need to be

Risk trajectory:

- Stable
- ↑ Increasing
- ↓ Decreasing
- ▲ Evolving

Critical third-parties

Joint ventures, including Ocado Retail, and franchise

—234

The successful long-term performance of any joint venture is inherently complex due to several factors, including the ownership and/or operational structure and the need to align different perspectives.

Similarly, the success of our franchise operations is dependent on our ability to work effectively with both domestic and international partners.

Context

Joint Ventures (JVs)

- The value of our investment in Ocado Retail Limited (ORL), achievement of our multi-channel food strategy, protection of our brand and delivery of anticipated trading performance are dependent on maintaining strong strategic and operational relationships with both ORL and Ocado Group.
- Similarly, although on a smaller scale, the performance of our Indian JV, M&S Reliance (MSR), will be influenced by our ability to maintain strategic alignment and harmonised ways of working with Reliance Industries.

Franchise

- Achieving growth in both our domestic and international markets relies on maintaining effective working relationships with our franchise partners, protecting our brand and delivering appropriate returns for both parties.

Mitigations

- M&S nominated directors form part of the JV boards at ORL and MSR.
- Joint approval of strategic and investment plans directing the growth of the business.
- Appropriately aligned operational and people structures, for example:
 - a dedicated M&S Ocado team to coordinate sourcing, product development, ranging, customer data and marketing; and
 - oversight from our International leadership team.
- Monitoring of internal audit processes at JVs by the Audit & Risk Committee.
- Franchise growth strategy aligned with the three-year plan and joint business plans with partners.
- Assurance programmes covering key risks, such as food safety, across franchise stores in the UK and internationally.
- Annual confirmation from franchise partners on compliance with key requirements.

Oversight by **Ocado Retail Board and Audit Committee, M&S Reliance Board and Audit Committee, Food Safety Committee and Group Safety Committee.**

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

People

Culture, talent and capability

— 1 4

The success of the business is dependent upon being able to attract, retain and develop the right talent, skills and capabilities. To do this we maintain a clear focus on;

- driving a high-performance culture;
- meeting the financial and wellbeing expectations of our colleagues;
- effectively managing labour cost pressures; and
- working collaboratively with our Business Involvement Group and unions.

Any shortfall in executing against these objectives could impact the delivery of core operational activities and the longer-term strategy, including aspects of our transformation programme.

Context

We employ over 63,000 talented and passionate individuals, making us an attractive brand for current and future colleagues. However, continued focus is needed on:

- maintaining a high-performance culture amidst significant changes;
- managing our investment in competitive pay and benefits for colleagues, alongside the impact of increasing costs of employment;
- balancing our investment in colleague development and skills for future success with other business priorities;
- navigating a tight labour market in key areas such as technology, digital and artificial intelligence; and
- adapting to changing colleague expectations and ensuring cultural alignment in areas like sustainability, diversity, and ethical values.

Mitigations

- Continued investment in reward that is externally benchmarked.
- Investment in internal and external talent to strengthen capability in key roles, develop future leaders and drive internal career progression, including an established framework to support performance, development, progression and succession plans.
- Delivery of improvements in core people management systems and processes to drive consistency and improve decision-making.
- Embedding consistent standards across the business on assessing, promoting and hiring leaders.
- Continued focus on driving digital literacy and capability building.
- A well-established Business Involvement Group which is actively involved in business-wide colleague engagement and representation at Board meetings.
- Active monitoring of gender, ethnicity, disability and age profiles.
- Store-centric culture, with senior leadership and support centre colleagues spending time in stores.
- Ongoing colleague engagement surveys.

Oversight by **Executive Committee**.

Link to our strategic priorities:

- 1 Create exceptional products
- 2 Drive profitable sales growth
- 3 Deliver target operating margins
- 4 Build the M&S we need to be

Risk trajectory:

— Stable ↑ Increasing ↓ Decreasing ▲ Evolving

Compliance and responsibility

Product safety and integrity

— 1

A failure to prevent and/or effectively respond to a major food or product safety incident, or to maintain product integrity, could impact customer confidence in our brand and business performance.

Context

Ensuring the safety of our products, including food and all other product categories, is crucial for our business. We need to manage potential risks to customer health and safety and protect consumer confidence and trust by maintaining effective internal processes within our core business, at our suppliers and franchises.

In addition, we remain focused on how external pressures on the food, fashion, home and beauty industries could affect the availability, quality, provenance and integrity of our products. These pressures include:

- cost pressures including the wider impact of tariffs;
- animal disease;
- the impact of geo-political events on the availability of products;
- climate-related events; and
- cross-border regulatory divergence.

Mitigations

- Safety policy and compliance standards, terms of trade and product safety specifications are in place, with clear accountabilities set.
- Suite of mandatory training for colleagues to complete, as appropriate to roles.
- Qualified and experienced food and product technology teams.
- Established governance, assurance and risk management processes to monitor and support the safety and integrity of our products, such as:
 - risk-based store, supplier and warehouse audit programmes in place, including at our franchise partners; and
 - monitoring of product quality and customer complaints with corrective actions implemented where required.
- Incident management processes and planning for safety-related incidents.
- Regular engagement with expert bodies to understand and respond to changes in safety standards.
- Specific provisions in third-party brand contracts.

Oversight by **Group Safety Committee and Food Safety Committee**.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Compliance and responsibility continued

Corporate compliance



A failure to deliver consistently against an increasingly demanding set of legal and regulatory obligations or broader corporate responsibility commitments could undermine our reputation as a responsible retailer. The consequences include a loss of trust by customers, investors and other stakeholders, and/or legal exposure or regulatory sanctions which could negatively impact our ability to operate and/or cause financial losses and harm.

Context

The increasing number of legal and regulatory requirements is putting pressure on businesses across the industry, impacting the cost of compliance and operational efficiency. This includes:

- responding to regulatory changes, such as those impacting packaging or corporate governance standards more generally;
- dealing with diverging regulations across countries, especially in the EU; and
- navigating external economic challenges, which heighten the risk of mishandling ethical and social responsibilities, especially through supply chains.

Non-compliance may result in fines, criminal prosecution for M&S and/or colleagues, litigation, requiring investment to rectify breaches, disruption or cessation of business activity, as well as impacting our brand and reputation.

Mitigations

- Code of Conduct in place, underpinned by policies and procedures in core areas.
- Mandatory training programmes for areas such as safety, information security, competition law, data privacy and anti-bribery and corruption.
- Established in-house Legal team with dedicated subject-area leaders and regulatory expertise, supported by external advisers where necessary.
- Mandatory Global Sourcing Principles set and shared with our supply base and other third-parties.
- Dedicated Group Data Protection Officers team and a network of Data Compliance Managers.
- Assurance and monitoring systems covering legal, regulatory, ethical and social considerations.
- A confidential reporting line allowing colleagues and other stakeholders to report concerns.
- Worker voice programme in the Food business and transparency initiatives within Fashion, Home & Beauty.
- Active monitoring of customer feedback and public sentiment on compliance and responsibility.
- Proactive engagement with regulators, legislators, trade bodies and policy makers.

Oversight by **the Board, Executive Committee, ESG Committee, Group Safety Committee, Food Safety Committee and Data Protection Committee.**

Link to our strategic priorities:

- 1 Create exceptional products
- 2 Drive profitable sales growth
- 3 Deliver target operating margins
- 4 Build the M&S we need to be

Risk trajectory:

- Stable
- ↑ Increasing
- ↓ Decreasing
- ▲ Evolving

Climate change and the environment



There is increasing focus and pressure from carbon-conscious stakeholders for the business to operate in a more environmentally sound and sustainable manner.

A failure to take appropriate action to reduce the environmental impact of our business and progress towards our science-based targets, linked to our directly controlled operations and externally within our supply chain, as well as effectively manage the consequences of climate-related risks could impact our brand, future trading performance and other business costs, including financing.

Context

We need to monitor and manage the physical impact of climate change and extreme weather events to reduce its effects on our business. This includes the:

- availability of raw materials and food products;
- locations where we source and operate;
- condition of our buildings; and
- infrastructure required to move product to stores and customers.

Future performance will depend on our ability to transition to a low-carbon economy by:

- balancing business decisions with environmental responsibility and regulations;
- adapting to growth in the circular economy, waste reduction, low-carbon products, sustainable and recycled fabrics; and
- responding to new regulatory measures while effectively managing the associated costs.

Mitigations

- Established Plan A programme with clear accountabilities in each area of the business.
- Science-based targets agreed by the Board and validated by the SBTi (Science Based Targets initiative).
- Established policies and standards covering product and raw material standards, clothing quality and environment impact – also shared with suppliers.
- Awareness training in place for colleagues.
- Established assurance processes.
- Experienced ESG team members, with experts embedded in key areas of the business.
- An established forum to oversee the delivery of our carbon commitments and ESG risks.
- Engagement and planning with partners and suppliers to support their decarbonising activities.
- Proactive engagement with Government bodies and industry experts.

Oversight by **ESG Committee.**

OUR APPROACH TO ASSESSING LONG-TERM VIABILITY

The UK Corporate Governance Code requires us to issue a 'viability statement' declaring whether we believe the Group can continue to operate and meet its liabilities, considering its current position and principal risks. The overriding aim is to encourage directors to focus on the longer-term and be more actively involved in risk management and internal controls. In assessing viability, the Board considered several key factors, including our business model (see page 8), our strategy (see pages 12 to 21), our approach to risk management (see pages 52 to 53) and our principal risks and uncertainties (see pages 54 to 58).

The Board is required to assess the Group's viability over a period greater than 12 months, and in keeping with the way that the Board views the development of our business over the long-term, a period of three years is considered appropriate for business planning, measuring performance and remunerating at a senior level. This three-year period aligns to the Group's annual strategic review exercise conducted within the business and reviewed by the Board and captures a large proportion of the Group's investment into its ongoing transformation programme as well as the maturity of its June 2025, May 2026, July 2027 and December 2027 bonds.

The Group continues to maintain a robust financial position with available liquidity of £1.7bn, including cash and cash equivalents of £864.5m and access to a committed revolving credit facility (RCF) of £850.0m which expires in June 2027. The facility contains a financial covenant, being the ratio of earnings before interest, tax, depreciation and amortisation; to net interest and depreciation on right-of-use assets under IFRS 16. The covenant is measured semi-annually.

For the purpose of assessing the Group's viability, the Board identified that, although all of the principal risks detailed on pages 54 to 58 could have an impact on Group performance, the following risks pose the greatest threat to the business model, future performance, solvency and liquidity of the Group and are therefore the most important to the assessment of the viability of the Group:

- An uncertain environment.
- Business transformation.
- Joint ventures, including Ocado Retail and franchise.
- Culture, talent and capability.

In assessing viability, the Board considered the position presented in its approved budget and three-year plan. The process adopted to prepare the financial model for assessing the viability of the Group involved collaborative input from several functions across the business to model a severe but plausible downside scenario.

The severe but plausible downside scenario includes the following assumptions:

- There will be a period of economic recession in 2025/26, resulting in a reduction in sales growth of 2.0–4.0% across all three business units compared to the budget and three-year plan.
- A delay on transformation benefits results in incremental sales expected from the transformation declining by 7.5%, 15% and 30% respectively across the three-year period.
- Ocado Retail Limited experiences limited customer demand, with a 5.0% reduction in volume growth each year across the three-year period compared to the budget and three-year plan.

The Board has also considered the potential impact of changes to environmental factors which may affect the business model and performance in the future. As set out in the Task Force on Climate-related Financial Disclosures (TCFD) section on pages 38 to 50, no material impact on the Group's financial performance is considered to exist in the short-term.

The impact of the severe but plausible downside scenario has been reviewed against the Group's projected cash flow position and financial covenant over the three-year viability period. In the event of this scenario materialising, mitigating actions would be available, including, but not limited to, deferring or cancelling discretionary spend (including discretionary bonuses), reducing returns to shareholders and reducing capital expenditure.

As a result, even under this scenario, which the Board considers reflects a plausible, but remote, outcome, the Group would continue to have sufficient liquidity and headroom on its existing facilities and meet the measurement criteria against the revolving credit facility financial covenant. The Audit & Risk Committee reviews the output of the viability assessment in advance of final evaluation by the Board. The Board has also satisfied

itself that it has the evidence necessary to support the statement in terms of the effectiveness of the internal control environment in place to mitigate risk.

Reverse stress testing has also been applied to the model to determine the decline in profitability that the Group could absorb before exhausting the Group's total liquidity. Such a scenario, and the sequence of events which could lead to it, is considered to be extremely remote, as it requires EBITDA reductions of more than 30% per annum over the three-year assessment period compared to the budget and three-year plan before total liquidity is exhausted. Further, it only includes very limited mitigations, comprising the removal of bonus, utilisation of centrally held contingency, removal of dividends and a modest reduction in growth capex. While the occurrence of one or more of the principal risks has the potential to affect future performance, none of them are considered likely either individually or collectively to give rise to a trading deterioration of the magnitude indicated by the reverse stress testing and to threaten the viability of the Group over the three-year assessment period.

Having reviewed the current performance, forecasts, debt servicing requirements, total facilities and current liquidity, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash across all three years of the assessment period and not breach the covenant under the revolving credit facility. The Board therefore expects the Group will remain commercially viable and the Viability Statement can be found on page 108.

Stuart Machin
Chief Executive Officer
20 May 2025